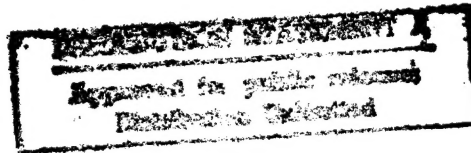


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LATIN AMERICA REPORT

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OIL SUPPLIES NOT AFFECTED BY WAR

PY291901 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1205 GMT 29 May 82

[Text] Comodoro Rivadavia, 29 May (NA)--The president of the Government Oil Deposits (YPF), Mario Luis Pineiro, has assured in this city that "the transport of oil along the Argentine maritime litoral and the supply of fuel is normal."

In a surprise visit, Pineiro said that "YPF is not being affected significantly by this military conflict, despite which, of course, particular attention is being paid to the supply to all critical sectors in the military sphere."

Pineiro also recalled that "although Venezuela has made an important and invaluable offer of crude to Argentina, up to this time no concrete steps have been taken in this regard, although we are very thankful; and we are in contact with the Venezuelan producers in case, for one reason or another, it is necessary to import petroleum into this country."

The state enterprise head--who visited production sectors in Comodoro Rivadavia and northern Santa Cruz Province--said also that "the imports of crude into Argentina do not exceed 4 percent of internal consumption" and that efforts were being made to reduce this percentage as much as possible. He added that "there is interest in making a greater contribution, while always securing the necessary availability of petroleum." He assured that "all efforts are being made and that it is now mostly up to the consumer to make this reduction possible."

CSO: 3010/1629

BRIEFS

IRAN OIL DEAL--The visit of an Iranian trade mission has ended with the signing of an agreement to supply that country during the next 12 months with 1 million tons of Argentine grain amounting to \$150 million. The agreement, which was signed by David Lacroze, under secretary of agriculture and supervisor of the National Grain Board, for Argentina and by Vice Minister (Mosabar Jarahi) for Iran, reportedly includes--according to what has been reported by official sources--a new aspect: that the payment will be made in kind since Iran is reportedly going to pay with prorated deliveries of petroleum. [Excerpt] [PY310603 Buenos Aires CLARIN in Spanish 25 May 82 p 24]

CSO: 3010/1629

BRIEFS

PERONIST LEADER REACHES MEXICO--Mexico City, 21 May (NOTIMEX)--Former Peronist leader Juan Manuel Abal Medina arrived in Mexico today after having spent more time than anyone in embassy asylum. Abal Medina spent 6 years in the Mexican Embassy in Buenos Aires before being given safe conduct to Mexico City yesterday where he arrived at 0900 local time on a Pan American flight. [Excerpt] [FL211825 Mexico City NOTIMEX in Spanish 1736 GMT 21 May 82]

ARGENTINE U.K. DEPOSITS TO PANAMA--In a news conference yesterday, Arthur Giraldi, executive vice president of the Latin American Export Bank (BLADEX), said that approximately \$2.5 billion of Argentine funds that were in various London banks before the British-Argentine war broke out are now in Panamanian banks. Giraldi said that these funds were withdrawn so that they would not be frozen by London. A total of \$90 million was deposited in BLADEX. [Excerpt] [PA241923 Panama City MATUTINO in Spanish 20 May 82 pp 1A, 8A]

EL SALVADOR-HONDURAS TREATY IMPLEMENTED--Fidel Chavez Mena, Salvadoran foreign minister, has stated that the bilateral trade treaty between Honduras and El Salvador is fully in effect, thus becoming one of the most important phases established in the peace treaty signed in Lima 2 years ago. One of the treaty negotiations said that the commercial sectors of the two nations are now preparing to exchange a list of products, which will not flood the respective markets, as Honduras feared initially at the beginning of the negotiations, but will only fill the need of raw materials or manufactured products provided by either of the countries. The economics expert stated that the bilateral trade treaty with Honduras is part of the search for a framework to restructure the Central American common market on a just and equal basis for the rest of the countries of the isthmus. [Excerpt] [PA232228 San Salvador LA PRENSA GRAFICA in Spanish 12 May 82 pp 1, 13]

CSO: 3010/1613

COSTA MENDEZ VIEWS U.S. ROLE IN FALKLAND CRISIS

PM261545 Paris LE FIGARO MAGAZINE in French 22-27 May 82 pp 92-94

[Interview with Argentine Foreign Minister Nicanor Costa Mendez by Robert Lacontre in Buenos Aires: "In Latin America Japan Will Henceforth Be Preferred to Europe"--date not given, first paragraph is Lacontre's introduction]

[Text] Argentine Foreign Minister Nicanor Costa Mendez received me in the San Martin Palace while General Galtieri, the president, Admiral Anaya and Brigadier General Lami were holding their latest council of war after the impromptu visit by Gen Vernon Walters, President Reagan's special envoy.

Robert Lacontre: How do you explain the fact that Britain, which was perfectly well aware of your intention of landing on the Malvinas, left the Archipelago undefended?

Nicanor Costa Mendez: The British never thought that Argentina really intended to take possession of the Malvinas. They never paid attention to our demands, they never took our requests for negotiations seriously. Nonetheless we started them 17 years ago.

Moreover, Britain never considered the possibility of returning the islands to our country. It never really listened to our case. As my predecessor said when discussing the matter with Lord Carrington, he had the impression that the British regarded the Malvinas problem as the least of their worries.

Robert Lacontre: Did the British deliberately allow you to go ahead because that enabled them to send their armada?

Nicanor Costa Mendez: If it is true that they needed to launch such a major military intervention for domestic policy reasons, you are right. The Malvinas are an excellent excuse for Mrs Thatcher and for those gentlemen who want a glorious Britain thanks to the Royal Navy.

Robert Lacontre: It is said that the United States intended to establish a military base in the Archipelago. What is your view of that?

Nicanor Costa Mendez: I do not believe it. We never received any signal from the United States confirming that intention. Quite the reverse;

all U.S. administrations have told us that they had no interest in this affair and that this dispute should be settled directly between Britain and Argentina without U.S. intervention. But I think that the North Americans have made a very great mistake for which they are beginning to pay and for which they will pay for many years.

Robert Lacontre: Why did President Reagan carry out an abrupt about-face, abandoning his neutrality to side with Britain?

Nicanor Costa Mendez: I think it was because Argentina's decision was a sovereign, autonomous and free decision, in other words the expression of a free foreign policy choice serving the national interest. I am an admirer of General De Gaulle, especially of his foreign sphere, especially when he spoke of the nation state and of a policy serving the people. But that is very difficult to achieve in the existing world structure. The United States and Britain--I am not talking about France--want to maintain the international status quo, and any action by a medium-sized nation which can freely endanger that status quo, which is in the hands of an oligarchy, sparks off a major political reaction which goes beyond the actual fact of the question of Argentine sovereignty over the Malvinas Islands. This decision taken by Argentina is a crucial problem. It is the first time that there has been a North-South confrontation--a confrontation which is certainly not economic but political. What is in question is Argentine sovereignty over the Malvinas, it is the ability of medium-sized countries to take their own decisions.

Robert Lacontre: How do you explain Moscow's attitude and particularly the attitude adopted by Cuba, which has stirred up civil war here for 8 years and which is now supporting you?

Nicanor Costa Mendez: I think there is a difference between those two countries. For Cuba this is an opportunity to reaffirm the right of nations to act according to their national interests, even if those interests are ideologically in conflict with Argentina [as published]. Cuba applauded the fact that Argentina took a sovereign decision in a case which has no connection with East-West confrontation. Moscow, for its part, has made no definitive statements. I think that for the Kremlin it is mainly a matter of wanting to participate in settling all major international questions. Moscow cannot allow an international question to be settled solely by the United States. At least that is my opinion.

Robert Lacontre: But is it not dangerous to flirt with the devil?

Nicanor Costa Mendez: You French certainly have good relations with Cuba. You already had good relations under De Gaulle. Is France not now giving its support to the Nicaraguan Government? That means that the French Government is in favor of independence in international actions--in favor of diversity, pluralism and multipluralism. I am not criticizing. That is all in keeping with the principle of nonintervention.

Robert Lacontre: Has Argentina enough arms to sustain a long war?

Nicanor Costa Mendez: I think it is possible for Argentina to defend itself and even to repel the aggressor.

Robert Lacontre: Is there an element of bluff on the British side, or do they really intend to fight a battle?

Nicanor Costa Mendez: I believe that above all the British intend to exert the maximum pressure on Argentina--primarily military, but also economic, diplomatic and political. Economic, through the sanctions that they have adopted and those that will follow from the common market--a common market that has in any case, approved these measures in violation of the UN Charter, against the GATT and against the principles of using force to settle the international community's problems. [Sentence as published] This surprised us greatly and what is even more surprising is that Europe supports the military forces and economic sanctions.

Robert Lacontre: Do these sanctions threaten to strangle your economy, which is already in difficulties?

Nicanor Costa Mendez: No, I do not believe so. The sanctions will oblige Argentina to define a new commercial and diplomatic strategy and even to redefine its foreign policy. I do not know whether in the long term Europe will not be the one to lose the most, because it could be replaced by Japan, by certain East European countries such as the GDR, or even by other Latin American countries, with which we have actually strengthened our ties to an extraordinary extent.

Robert Lacontre: What in fact is the attitude of the Latin American countries and of the other nonaligned countries?

Nicanor Costa Mendez: This is interesting. As far as Latin America is concerned, I believe that a new solidarity has been established--except in Chile's case, for fully understandable reasons, but in any case that country has maintained a noble attitude by offering us a partial cooperation that we have particularly appreciated. For its part, Colombia will alter its position to be closer to its Latin American neighbors. I would add that this solidarity has existed, despite:

1--the political and even, in some cases, ideological differences;

2--the interests and ties of all kinds that link the Latin American countries to the United States. It is a solidarity which really must be pondered.

Robert Lacontre: What about the other nonaligned countries?

Nicanor Costa Mendez: This is also very important. The Nonaligned Movement is struggling for objectives that Argentina shares, namely the end to all colonialism, respect for the nations' independence, international self-determination and a more just, more modern, more global and in fact more intelligent attitude from the northern capitalist countries to the countries of the south, to the Third World. I can state that France, under De Gaulle and now under Mitterrand is almost the only country that has truly understood this question of the Third World.

Robert Lacontre: Come what may, do you not believe that after this war there will be repercussions on Argentina's domestic politics? In fact all Argentinians, including the opposition, have sided with President Galtieri to defend the homeland. Is this not the start of a possible dialogue among all the political tendencies?

Nicanor Costa Mendez: I am absolutely sure that following 2 April Argentina will be a different Argentina. I cannot now define its political future, but I am sure that participation and pluralism will be observed from now on.

Robert Lacontre: Are you optimistic about the outcome of the negotiations?

Nicanor Costa Mendez: I am optimistic in my heart, but if I allow my reason to speak....

CSO: 3100/701

HISTORIAN VIEWS COUNTRY AFTER WAR

PY282125 Buenos Aires HERALD in English 28 May 82 p 8

[Article by Luis Varela and Nestor Restivo: "Things Will Be Different"]

[Text] The Malvinas war may be the answer to Argentina's problems of instability and lack of orientation, says historian Felix Luna, editor-publisher of TODO ES HISTORIA magazine. "We have to search for and find the people who should really govern the country--not the military, of course," says Luna. "I think when all this is over Argentina will enter into an entirely new stage."

"The most important thing that is happening right now is that for the first time we have the sensation that we really are a nation that can unify around a common belief. Renan has said that every country in the world should have a plebiscite every day. If we had one on the Malvinas I think the verdict would be almost unanimous," says Luna.

He detects a feeling of national solidarity, a vocation for sacrifice, anxiety for the fate of the soldiers, and support for a government that so recently had been the subject of severe criticism.

Luna says that after the war is over this sense of identity will undoubtedly continue. "The politicians and union men are now backing a government they were fighting a couple of months ago. We have proved that when things are tight we can join together monolithically."

He also cites as positive factors not only the solidarity of other Latin American nations but "the lack of solidarity of other countries we had counted on."

And the Malvinas episode has shown up a number of other factors, he says. "The instability of the Organization of American States," he says, "the aggression from the European Common Market, the inoperativity of the UN, and the weakness of NATO as a mechanism of defence of the West."

He adds, "This is one of those times in history when a bell peals loudly to say that one era is over and another is beginning."

Luna feels that many of the reasons for unrest in the past will disappear. "One can't predict what the postwar era will be like in Argentina," he says. "But things will definitely be different. The military will have to stop thinking of politicians in terms of vested interests and of union men as barely disguised subversives, while civilians will have to modify their view that the military are totally insensitive to anything that happens outside their specific field. I think means of communication have now been opened up between these sectors."

The cure for political instability in Argentina is for everybody to "respect constitutionality itself and not because it is backed or not backed by whether the armed forces intervene or not." He also calls for "more responsibility among civilian politicians."

We don't know if civilians are right now in a position to get together a viable government, says Luna, "but we've got to try; we can't go on forever being governed by the military."

"I've had for some time the theory that things were going to change here but I never imagined that it was going to be the Malvinas crisis that produced all this change."

He says Argentina needs something new. "We've had two great popular movements," he says. "Radicalism from 1916 to 1945, and Peronism from 1945 to 1976. I don't think either will disappear, but I don't think they'll be so important in the future."

He feels that Argentina should in a sense turn back to the period 1880-1930 "when the country grew and grew never mind what government was in power. You could be a Roca adherent, a 'post-Roca-ite' or a radical, but the country progressed anyway."

Luna claims that Argentina has now become the spokesman for the entire continent "against the machinations of power blocs which are insensitive to the requirements of Latin America."

He adds that "Argentina might be accused of ingratitude because of some events which caused it to take a distance from the continent, but above everything else we have common roots and that is what is important."

"The countries which have supported us most strongly are Venezuela and Peru, with whom our links go through Bolivar and San Martin, respectively. They have considered their national interest, which is logical, but they are also under the pressure of history which obliges them to follow their destiny."

Luna says that the US' inclination towards Britain is "an understandable mistake. They had to choose and they chose Britain." But what is incoherent and incomprehensible is that they should have tried to act as mediators, he says. "I think the Americans are realizing this and that they are going to have to find a way to wipe the slate clean for themselves with all Latin America."

Circumstances do not allow the U.S. to change its strategy at this time, says Luna, "but they could change their profile; they could proclaim formal support for Britain but in practice not materialize it with material support."

If the U.S. does not do something about its image "they are going to have another Vietnam in Central America," says Luna.

"They have violated the Inter-American Reciprocal Assistance Treaty, which is very, very bad for them. If they had a genius like Roosevelt, or not even Roosevelt but at least someone with common sense, things would be better for them.

"This sort of thing isn't an inevitable process; sometimes it's just a matter of chance."

Luna says wryly, "that's just like Mrs Thatcher--she's dreaming of an empire that's been dead for decades."

But if the people are united against an outmoded colonialism, this doesn't mean the Argentine Government will be able to repeat the mistakes it was making until hours before the conflict started.

"Once the question of sovereignty has been decided in Argentina's favour, there will have to be a genuine agreement between the armed forces and the politicians to implement a transition formula and thus establish a definite constitutional regime.

"It might even be possible to create a viable interim military government reinforced by civilians.... It wouldn't be so difficult because in the last few distances, chasms have narrowed into easily bridgeable gaps."

CSO: 3020/130

'CLARIN' REVIEWS POSTWAR SITUATION

PY280000 Buenos Aires CLARIN in Spanish 17 May 82 p 18

[Editorial: "Thinking About the Postwar Period"]

[Excerpts] Although the delaying attitude of British diplomacy and the persistence of the London conservative government in dreaming about an impossible military solution seem to remove the possibility of a quick and reasonable end to the Malvinas crisis, the unpostponable task of thinking what the face of the country will be after the war ends has already started in Argentina.

It is known that various official and armed forces sectors have begun a detailed review of the situation which will be experienced in Argentina once the present conflict is over. Voices are heard from political parties proposing eventual formulas towards easing the recovery of democracy rather urgently. It is natural that unionists and entrepreneurs in turn prospectively review the social reality of the country and that they formulate their own prospects and thinking about the development of the national economy.

Some few basic coincidences link these various proposals. The first, which is becoming the talk of the town, is that the country has changed since 2 April. This statement is fair and implies the defeat of exclusivisms and of sectarian bets.

Another forceful truth which nobody can argue is that the Argentina that will emerge after the war will have more serious material problems than those being experienced now. Paying for wartime expenditures, replacing lost arms, the upheaval caused in production and the obvious delays in developing plans have never been easily and quickly solved problems.

The question here is not to support one or another solution being circulated with a view to the future of political, military and intellectual spheres. On the contrary, what becomes indispensable is promoting an attitude of frank discussion and of calm replanning that the recovery of the Malvinas demands, which cannot be limited to the present time.

CSO: 3010/1629

LABOR LEADER CRITICIZES ECONOMIC POLICY

PY311913 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1505 GMT 31 May 82

[Text] Mendoza, 31 May (NA)--The president of the Interprovincial Housing Entities Union (UNIDEVI), Edgardo Civit Evans, found it "absurd" today that "in a country at war, the national government continues vouching for and guaranteeing the deals of kid gloves thieves."

He added that armed forces "must not keep permitting this insult to the nation" and remarked on the need to change "the whole financial system, removing from the Economy Ministry directors of banks and enterprises which represent the interests of companies from countries which have declared either war or a miserable and unspeakable blockade against us."

Civit Evans stated to NOTICIAS ARGENTINAS that Argentina "must definitively break ties which, since 1824 and through shady and disguised agents, link Argentina to the interests of the Baring Brothers, Lloyds and other multi-nationals owned by our enemy."

He made a call to a national unity, but he warned that to achieve this "it is a must to fight against the mentality and interests of those who are in favor of no change, who continue telling us that our country must keep exporting beef and cereals and producing candy."

He termed a "relay race" the fact that "the leadership of the Economy Ministry has been held for 30 years by the same men, with very few, honorable but short-lived exceptions."

He emphasized the difficult economic situation the country is going through now and in this sense he mentioned former head of the Economy Ministry, Jose Martinez de Hoz, as "one of the top representatives of foreign interests in Argentina."

The UNIDEVI president also asserted that Martinez de Hoz left on 15 April for England and has not returned so far and that the reasons and final destiny of such an interesting secret trip are unknown.

Civit Evans pointed out that "while all the people and the armed forces continue devoted to defend a common interest, our sovereignty, these characters continue trying to obtain profit at the cost of the national effort." He ended up stating that the national indexation "is supported by those who benefit from it, who are the same people sending currency abroad, which are also destined to our aggressors."

CSO: 3010/1629

LACROZE ON EXPORT SURPLUS, NEW MARKETS

PY312219 Buenos Aires TELAM in Spanish 1945 GMT 31 May 82

[Text] Buenos Aires, 31 May (TELAM)--David Lacroze, under secretary of agriculture and livestock, left for Moscow this afternoon to negotiate the sale of the surplus Argentine grain harvest.

At Ezeiza Airport Lacroze said that this was a routine trip to the Soviet Union. He added that the National Grain Council (JNG) makes one or two trips a year to study the prospects of the market and to talk with the appropriate officials on grain trade and its possibilities.

Asked about the surplus of the Argentine harvest, Lacroze said: "First of all, I would like to announce that due to a great concern for the economy of regional areas--at the national government level--we have signed contracts for the sale of beans: 10,000 tons for Libya, 5,000 for Algeria; and 5,000 tons for Iraq, 10,000 tons of rice have also been sold. These sales were made by the JNG which, in turn, is going to put it out for bids to the private sector.

Regarding the rest of our harvest surplus he said: We have to keep in mind that the soybeans are practically all sold. The export surplus has practically all been sold to Brazil, the USSR, the PRC, several European countries and other countries.

He estimated that there are from 4 to 5 million tons of corn and sorghum surplus to be sold and that this trip and other trips to be made soon are partly aimed at selling these products.

Regarding the opening of new markets, he recalled that we sold 1,080,000 tons of grains to Iran and that he will soon travel to Lima to meet with different agencies of possible Latin American buyers. He said: "I believe that the sanctions imposed by the EEC are making us take on new directions, something we started a few years ago, but this situation is inciting us to continue a wide diversification of the Argentine market.

CSO: 3010/1629

BRIEFS

TRADE WITH IRAN, GDR--The Argentine under secretary for economic international relations informed yesterday on Argentina's grain exports to Iran and all the negotiations started with representatives of that country to place steel goods there. Under secretary Alfredo Esposito confirmed that contracts for the provision of grain with that country amount to \$200 million, apart from the negotiations at a private level which the Iranian trade mission is carrying out with three important iron and steel enterprises for the export of steel sheets, which would represent another \$70 million. The Argentine official also said that direct purchases totalling (?\$15) million have been made by East Germany, a nation which Esposito said can provide Argentina with the technology the European Community will not supply. With reference to the EC, the Argentine under secretary ratified the official position by describing the sanctions against Argentina as arbitrary, unloyal and abusive. Arbitrary, he explained, because they did abide by any regulation in force in international trade. Unloyal, because, except for Great Britain, none of the member countries can feel it has been wronged by Argentina. And abusive, because they are measures adopted by highly industrialized countries against a developing country. [Text] [PY272037 Buenos Aires International Service in English 1530 GMT 27 May 82]

NO NEW TAXES--Cordoba, (DYN)--The government has no immediate plans to impose new taxes to finance the cost of the Malvinas conflict, treasury secretary Manuel Solanet said here yesterday. He added there were no plans for an increase in the price of petrol. The secretary said that the economic measures taken since April 2 did not signify an "ideological economic change." Solanet told reporters that all those who handled the economic affairs of the nation had the backing of the president and the national executive, thus belying rumours that the economic team might suffer some alterations. In denying any tax increases, Solanet said a new tax was imposed earlier this month and for the time being the proceeds from this tax would be sufficient to pay the costs of the conflict in which the country was involved. [Text] [PY311014 Buenos Aires HERALD in English 29 May 82 p 9]

CSO: 3010/1629

GOVERNMENT TRYING TO EASE REFUGEES' RESETTLEMENT

PA272258 Buenos Aires LATIN in Spanish 0625 GMT 26 May 82

[Report by Stewart Krohn]

[Text] Belmopan, 26 May (LATIN-REUTER)--One hundred men who are clearing the jungle under the tropical sun are part of the plan to aid the refugees, Belizean officials said. This is the only plan of its kind in strife-torn Central America.

In the past 2 years some 7,000 Salvadorans have arrived in this former British colony, fleeing the bloodshed in their country.

The Salvadoran refugees here are only a handful compared to the 300,000 believed to be spread throughout Mexico and Central America but the refugees are many when compared to the small Belizean population.

Government officials said that their plan to integrate the Salvadoran into the 150,000 Belizeans population, which is primarily mostly English-speaking aims at avoiding the creation of "ghettos" as well as at providing the refugees, who are heavily punished by poverty, with a more secure future.

Carl Lindbergh B. Rogers is minister of home affairs and interior and is responsible for immigration. He said, "We have tried to avoid establishing refugee camps like those in other places."

Several hundred Salvadorans have cleared areas of the jungle that surrounds this small and humid capital. They have built their shacks near Rogers' office.

Others are spread throughout Belize, a country that traditionally has turned more toward the Caribbean than to Spanish-speaking Central America, especially at a time when neighboring Guatemala is claiming Belize as its own.

The government hopes that the remaining Salvadoran refugees will, at some time, live in settlements similar to the one built near Belmopan on the banks of the Belize River. The settlement was sponsored by the government.

The United Nations Office of High Commissioner for Refugees has donated some \$1 million for a plan that will include housing for Belizeans as well as for Salvadorans.

The Belizean Government has granted some 6,000 hectares of land for a settlement which it hopes will house 250 families, Mennonite religious groups, communities of [words indistinct] have promised to give technical assistance.

The Mennonites, religious refugees from Europe and the United States, have transformed many jungle areas into highly productive dairy farms.

Each family will receive 50 acres (20 hectares), basic tools and enough money to last through the first harvest. Rogers hopes that this experimental plan will prove ideal for the majority of the remaining refugees. Eventually they will be allowed to purchase land.

Social workers said that the natives and the Salvadorans building the community, which will include a school, make up a community.

But a Catholic priest said that the majority of the Salvadoran do not speak English and the Belizeans understand very little Spanish. "Up to now there has been very little talk and a great deal of work."

George Price's government, which took control of the country last September [words indistinct] British domain, has promised to maintain strict control of the immigration balance in this multiracial country.

The majority of the Belizeans are black, descendants of slaves brought from Africa, but there are also whites, Indians and various mixtures of the three.

Local economists have advised the government to promote immigration to open the many underdeveloped regions of this country which is mainly agricultural.

But the pro-British and pro-Caribbean residents have voiced their fears that an uncontrolled immigration from violent Central America could transform Belize into a Latin American country [as received].

The government has made it clear that the immigrants who enter the country must make every effort to become a part of Belizean society and that the Belize River plan is part of the general strategy.

The faith that the government has in this plan was demonstrated in a recent announcement that the Home Affairs and Interior Ministry is studying the possibility of accepting several hundred refugees from Haiti, the poorest country of the Caribbean.

CSO: 3010/1625

COUNTRY SECTION

BELIZE

BRIEFS

MEXICAN TRADE MISSION--Belmopan, Belize, 23 May (CANA)--A trade mission from the Mexican province of Yucatan has been seeking to establish a market here for Mexican products. The mission, led by Licenciado Alberto Villasana of the Mexican Institute for External Trade, recently opened an exhibition of construction materials, fibre glass products, plastics, garments, and foodstuffs. [Excerpt] [FL241510 Bridgetown CANA in English 1424 GMT 24 May 82]

CSO: 3020/128

BRIEFS

INVESTIGATIONS OF EXHUMED BODIES--The judicial authorities in Las Lomas de San Francisco, Antiguo Cuscatlan, will disinter the bodies buried there at the request of several relatives who feel that their children, parents, or other members of their families, may be buried there. During the past few months, this zone has become a "slaughterhouse for the dead." It has been learned that the bodies of many men and women who were not identified when they were initially found, have been buried as unidentified individuals in Las Lomas de San Francisco and in the cemetery in Antiguo Cuscatlan. The examination of these bodies has revealed that most of these people were shot to death. In a few of these cases, the victim had been killed with a knife. Many people have disappeared mysteriously. These crimes, however, "cannot be silenced with a shovelful of soil," a family in which several relatives have been killed told us. Since we have entered a de jure state, the logical thing is that careful investigations be conducted. One of the first steps must be the exhumation of the remains of the murder victims. [Excerpts] [PA221939 San Salvador DIARIO LATINO in Spanish 19 May 82 p 2]

CSO: 3010/1626

JUNTA MEMBER SAYS SUBVERSIVES VIOLATING RIGHTS

PA272004 Panama City ACAN in Spanish 0131 GMT 26 May 82

[Text] Guatemala City, 25 May (ACAN-EFE)--Gen Horacio Maldonado Schaad, member of the military government junta and interior minister, today accused "the subversives of constantly violating human rights in Guatemala."

Maldonado Schaad stated that "it is the subversive criminals and not the army who violate human rights in Guatemala, killing dozens of peasants, including women and children."

Maldonado Schaad made the statement with regard to reports from Washington where it is said that the Guatemalan Army is the one which continues to violate human rights.

A U.S. Government mission and an envoy of President Ronald Reagan recently visited Guatemala to analyze the situation there, particularly that of human rights, following the 23 March coup d'etat.

The reports from the United States indicate that the economic and military aid that the U.S. Government was planning to grant to Guatemala will be reconsidered in view of the killing of peasants in the past 2 months.

Asked his opinion of the report presented in the United States by members of the U.S. Government delegation, Maldonado Schaad said that "those people always come to speak with the people's enemies (the guerrillas) and do not realize that the subversive criminals are the ones who kill the peasants when they do not obtain popular support."

Maldonado Schaad added that "the statements of the U.S. delegation are in fact true because human rights continue to be violated in Guatemala, but I reiterate that it is not the army that continues to massacre the peasants as has been charged."

The Guatemalan official agrees with Col Luis Gordillo, member of the junta, who believes that Guatemala needs aid from abroad but will not accept it if it has conditions attached.

"We have reiterated to the U.S. Government that the aid that we need is not in weapons but in everything that might benefit the Guatemalan people," Maldonado Schaad added.

The armed forces have condemned the killing of peasants by unidentified individuals.

Meanwhile, an amnesty decree for the guerrillas and the members of the country's security forces who have fought against subversion was issued yesterday.

In an editorial today, the newspaper PRENSA LIBRE indicated that "the public's attention is drawn to the apparent lack of coordination that exists between the desires of General Rios Montt, president of the junta, and the National Army regarding the guerrilla problem in Guatemala."

The editorial added that "while the armed forces have condemned the massacre of peasants, Rios Montt has issued an amnesty decree for the guerrillas, offering them pardon and forgiveness."

CSO: 3010/1621

BRIEFS

DISPATCH ON POSSIBLE AID--Guatemala City, 24 May (ACAN-EFE)--Col Francisco Luis Gordillo, member of the military government junta and communications and public works minister, declared today that "Guatemala needs help, but will not go down on its knees to request it." Gordillo made the remark in response to a dispatch datelined Washington, which stated that the United States will consider possible military and economic assistance to Guatemala, following the visit by a U.S. Senate delegation to this Central American country. The dispatch noted that the visiting senators informed the U.S. Government that "In Guatemala, killings of peasants, including old persons and children still take place, especially in rural areas." Junta member Gordillo also added, "How was it possible for the senators who visited us for barely 4 days to have an accurate view of our true national situation." Gordillo added, we [as received] are still working on everything that will benefit the people and, naturally, we need help but it must not be "a handout or alms." [Text] [PA250334 Panama City ACAN in Spanish 0125 GMT 25 May 82]

POLICE CHIEF DISMISSED--Col (Jorge Cardona), chief of the Quezaltenango departmental police, was dismissed yesterday in a surprise move. Deputy Chief Maj (Gilberto Rancheria Alvarado) was also dismissed. [PA271609 Guatemala City CADENA DE EMISORAS UNIDAS in Spanish 0050 GMT 27 May 82]

CSO: 3010/1621

STAFF CHIEF COMMENTS ON BORDER MEETING

PA220119 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 21 May 82

[Text] The Honduran officials told their Nicaraguan colleagues that the Honduran Government is willing to continue with the internationalization of peace and insisted that there must be a general disarmament in the region.

During yesterday's meeting Honduras discussed several problems brought on by the Sandinist troops, especially the continuous kidnapping of Honduran peasants. They also discussed the presence of 4,000 foreign advisers in Nicaragua and the constant violations of the territorial waters.

After the meeting Col Jose Bueso Rosa, chief of the Armed Forces General Staff, made the following statement. (Douglas Membreno) reports:

[Begin recording] [Question] Colonel, what conclusions were reached during this military meeting between Honduran and Nicaraguan officers?

[Answer] We have agreed on future meetings at a lower level to better learn of these problems in the respective fields. Some dates have been set for these meetings to discuss possible solutions to the existing problems.

[Question] When will this meeting [as heard] be held?

[Answer] Well that question is not for me to answer because I have to report on what was agreed on at this meeting, analyze the subjects discussed, possibly arrive at conclusions at this level and report back to the higher levels of our armed forces and the government. If they consider it appropriate then they will hold a meeting at a higher level.

[Question] Colonel, did you discuss the possibility of carrying out a general disarmament in all the Central American area?

[Answer] We discussed the problem at the regional level, but they insist on dealing at a bilateral level. Our ideas are based mainly on the Honduran president's policy on internationalization of peace. [End recording]

A Nicaraguan reporter asked Colonel Bueso Rosa about the alleged building of foreign bases in Honduras. To this he answered:

[Begin recording] We spoke of the construction of foreign naval bases and we clarified that Honduras, as a sovereign country, has the right and the duty to protect her sovereignty. Therefore, the Honduran naval base is there. The Honduran Armed Forces have built the Amapala Naval Base to protect Honduran sovereignty and not for U.S. sovereignty.

[Question] Did you also discuss the presence of approximately 4,000 foreign military advisers in Nicaragua?

[Answer] Honduras' concern is of an ideological bent because the advice that they receive is ideological. Our country is already feeling the consequences.

[Question] Colonel, did you discuss the traffic of weapons that is going on in some Central American countries?

[Answer] This is one of the points that has to be dealt with jointly to try and avoid this clandestine traffic of weapons.

[Question] At this meeting with the Nicaraguan officers did you also discuss the constant kidnappings of Hondurans by Sandinist troops?

[Answer] We discussed points such as the seizure of Hondurans and of boats and in future meetings we will determine ways for returning the people as well as the boats. [End recording]

CSO: 3010/1623

PAZ BARNICA COMMENTS ON FALKLANDS CONFLICT

PA250443 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 24 May 82

[Interview with Honduran Foreign Minister Edgardo Paz Barnica by (Jose G. Florez), time and place not given--recorded]

[Text] [Question] Mr Foreign Minister, when will you travel to Nicaragua to meet with the Nicaraguan foreign minister and continue the talks that began in Tegucigalpa?

[Answer] Foreign Minister d'Escoto visited Tegucigalpa several weeks ago and was invited by me, based on the Honduran peace initiative. This must be made very clear. During our talks we discussed several subjects and decided that I would visit Nicaragua as soon as the circumstances permitted. We would then continue analyzing mutual problems, means and procedures within the framework of the Honduran peace initiative. We have also planned, in principle, a meeting of Central American foreign ministers. We have mentioned this meeting to foreign ministers of other countries whenever we have had a chance.

[Question] Doctor, the Malvinas problem is becoming worse. How does Honduras view this?

[Answer] Honduras has already set its position as far as this conflict is concerned. This position is known to everyone. The Honduran democratic government supports the Argentine claim for sovereignty over the Malvinas Islands. The Honduran Government condemns the use of force in international relations. The Honduran Government is for the good will of international relations. The Honduran Government is for an end to colonialism in any part of America and the world. Regarding the conflict, we believe that it has become worse in the last few days and this affects the normal development of inter-American relations, affects the inter-American system and dangerously affects all international relations. I understand that UN Secretary General Javier Perez de Cuellar is doubling his efforts and those of the world organization to find a peaceful solution to this conflict.

[Question] Mr Foreign Minister, if Great Britain follows up on its threat of invading the Malvinas Islands what will Honduras do?

[Answer] The inter-American system has specific means for those cases. Therefore, we will just have to wait for the events so that these means can be put into effect according to the circumstances. I cannot, therefore, guess what will happen.

CSO: 3010/1623

BUESO ROSA SAYS ADVISERS PRESENCE AFFECT COUNTRY

PA221955 San Pedro SULA LA PRENSA in Spanish 21 May 82 p 56

[Text] Tegucigalpa--The presence of foreign military advisers in Nicaragua has begun to affect Honduras and proof of this is found in the kidnappings of local businessmen that are carried out by Salvadorans and Nicaraguans. For this reason, Honduras peace insists on decreasing through the number of foreign military advisers in the countries of the region as a method to internationalize peace.

Col Jose Bueso Rosa, chief of the Honduran General Staff, said yesterday that "a clear example of this is what happened in our capital on Wednesday when the police spoiled the plans of the individuals who had kidnapped Jacques Casanova, a businessman. Salvadorans and Nicaraguans participated in these plans."

Bueso Rosa made this statement to Nicaraguan newsmen who covered the meeting between Honduran and Nicaraguan military officers that was held in La Fraternidad near the southern border.

The military officer said that Honduras is concerned over the presence of a very large number of Cuban, Soviet, East German, Vietnamese and Libyan advisers in Nicaragua.

According to Pentagon figures, there are approximately 3,000 foreign military advisers in Nicaragua.

"Our concern is clear because the advice that they (the Nicaraguans) are receiving may be of the ideological kind and the consequences of this advice are already being experienced in Honduras. An apparent example of this is the incident that occurred in La Campana neighborhood where we were able to establish that the kidnappers were Salvadoran and Nicaraguans," he added.

Bueso Rosa noted: "It was proven there that our compatriots had nothing to do with these subversive actions. They were carried out by people from other countries."

When asked if any Nicaraguans were involved in the La Campana incident, Bueso Rosa replied: "You, better than anybody else, have heard the news that they were Nicaraguans and Salvadorans."

CSO: 3010/1623

AREA ECONOMY MINISTERS SUSPEND SCHEDULED MEETING

PA231613 Tegucigalpa LA TRIBUNA in Spanish 20 May 82 p 3

[Text] Yesterday the Central American economy ministers unexpectedly suspended the meeting they were to hold on Thursday in San Salvador to again analyze interregional commerce, the policy on government support for area businessmen and the tense situation within the Central American Bank of Economic Integration, (BCIE).

The meeting was convoked last week. However, it was suddenly called off yesterday afternoon. According to observers, this is a serious setback for Honduran Economy Secretary Gustavo Alfaro, who wanted new discussions of the situation that has arisen in the BCIE as a result of the proposed removal of Alberto Galiano Madrid from the bank's presidency.

The call for the meeting was made by the Honduran secretary last week, after he visited several countries of the region in search of support for effecting Galiano's removal and replacing him with Arecio Ochoa. However, at the last minute Guatemala and Costa Rica asked that the meeting be suspended. As a result, Secretary Alfaro found himself with his suitcases packed and no place to go.

So far, the only country that apparently wants to discuss the BCIE's internal problems is Nicaragua. Guatemala is opposed to Galiano's removal prior to the expiration of his term at the end of the year.

Costa Rica, meanwhile has announced that it is replacing Carlos Solis, its BCIE director. El Salvador also announced the replacement of its representative. Each of the two countries wants its delegate to become BCIE president.

CSO: 3010/1623

CHURCH GROUP DENOUNCES ABUSES AGAINST PEASANTS

PA222116 Tegucigalpa LA TRIBUNA in Spanish 19 May 82 p 35

[Excerpts] According to complaints lodged with the western diocese branch of Caritas of Honduras, the Christian organization, the peasants in La Virtud and neighboring hamlets in Lempira Department are being persecuted, jailed and tortured by civilian and army elements. The victims are peasants who worked directly with or helped Caritas provide relief to at least 18,000 Salvadoran refugees who spent several months in camps in that area and were later transferred to Mesa Grande, which is further inland, for security reasons. The peasants report that constant persecution forces them to flee to the woods or emigrate to other places as a last resort.

According to them, the reason for these actions is that they are regarded as potential guerrillas or helpers of the rebels fighting in El Salvador.

The news service agency [not further identified] has charged internationally that, according to information in Caritas' hands, Capuchin Father Robert Gallagher has received several death threats.

The agency added that Caritas reported that 12 peasants were killed, 9 disappeared, 16 were arrested and at least 75 families were forced to leave La Virtud last week.

Caritas said it has lodged a formal complaint with the respective authorities and asked them to stop the persecution but that no response has been received yet.

CSO: 3010/1622

DEVALUATION WOULD NOT CURE ECONOMIC ILLS

PA220106 San Pedro SULA TIEMPO in Spanish 13 May 82 p 6

[Editorial: "The Devaluation of the Lempira Does Not Solve the Problems"]

[Text] The mere idea of devaluing the lempira has been termed high treason by the president of the Honduran Central Bank, who emphasized that our monetary unit will maintain its usual parity of 2 lempiras for \$1.

Gonzalo Carias Pineda stressed that devaluing the lempira is inappropriate, pointing out that this measure would cause social problems such as the distortion of salaries, and would also double our foreign debt without achieving a solution to the country's economic crisis.

To this we can add the juicy benefits for the Honduran money exporters, who would ironically be favored since they have already changed their lempiras into dollars and taken them out of Honduras, depleting capital from our economy and contributing decisively to its present state of collapse.

The subject of the lempira's devaluation has been hashed over thoroughly. The idea has been under discussion for the last 2 years and there have been periods, like the present, when it has become the people's favorite topic.

Nevertheless, it is appropriate to remember that our productive apparatus is minimal and undiversified, thus making us a society which essentially imports most of what it consumes; consequently the devaluation would have little effect on prices and inflation other than to worsen them.

Of course, the mere fact that we maintain this parity doesn't mean that the problem will be lessened. In practice, there has been devaluation evident as the lempira's purchasing power shrinks before our eyes; what we bought for 50 cents 2 years ago now costs twice as much.

In addition to the implications pointed out by the president of the Central Bank, a currency devaluation would also have a psychological impact and this must be seriously considered. From this viewpoint, the consequences would be disastrous.

If we were not so dependent on other countries, and if the Honduran productive sector had reached a medium level of development and diversification, the situation would probably be different.

Instead, what we have here is a stagnant productive sector, financial asphyxiation, a sharp drop in the monetary reserves, inflation, high unemployment levels, an enormous budget deficit, a drop in the international prices of our export products and an enormous increase in our foreign debt.

That is why we consider appropriate the position assumed by the present of the Central Bank, which in this case represents the government's position. Nevertheless, it's worthwhile to point out the need for a monetary program which would not include the restriction of financing for production investments, or would not result in greater economic inactivity, which would occur if purely fiscal considerations prevail.

CSO: 3010/1622

FRG MISSIONARIES COMPLETE TOUR OF REFUGEE CAMPS

PA211712 Tegucigalpa EL HERALDO in Spanish 19 May 82 p 36

[Text] The refugees are suffering many hardships in the camps.

Representatives of the West German Protestant Church yesterday wound up a 4-week tour of refugee camps in Honduras. The Protestants plan to report to their superiors on the economic needs of thousands of war refugees. Meimrad Armbrwster and Immanuel Zergber toured the refugee camps of "La Virtud," in Colomoncagua, "Mesa Grande," in El Tesoro and "Mocoron" and talked with displaced persons, residents, relief officials and government authorities.

The representatives said that once their church has a detailed report is will proceed to provide relief through the UN High Commission for Refugees, ACNUR.

Zergber and Armbrwster noted that the refugees' living conditions at the camps differ and that they have many hardships.

Colomoncagua

"In Colomoncagua, the refugees cannot leave the camps from 1800 to 0600, not even to urinate. Neither do they have the necessary tools to cultivate the land," they said.

They stressed that many children suffer from protein deficiency and that they receive no medical care because of a lack of personnel.

They also stressed that "the refugees are surrounded by tight security. There are few international personnel to manage the relief programs," Armbrwster said.

"They are not allowed to keep food in their tents and searches are conducted constantly because of fears that they are passing food to the Salvadoran guerrillas." Many of these people want to return to their country," Armbrwster noted. [Quotation marks as published]

He added that ACNUR and the government want to relocate the refugees in "Mesa Grande" and that the refugees are opposed to this because they receive many promises which are not fulfilled.

The missionaries said that the international organizations are working very well, except the National Emergency Evangelical Committee and World Mission, which ceased its work with the refugees early this year. They said that the refugees at "La Virtud" are not allowed to leave; they can only leave with a permit from Lieutenant Paz. "We think this is a tragedy for the refugees," Zergber said.

When the talked with the residents at La Virtud, they were told that many people have disappeared and that their whereabouts are unknown.

"We inquired about five detainees who were taken away in a car. We were told that two of them had been freed; then a lady asserted that the remaining three were dead.

"This was confirmed by a high-ranking government official," Armbwster said.

Forced Labor

"There are 500 Guatemalan refugees at El Tesoro, all of them live in fear because paramilitary groups threaten to kidnap them," Zergber asserted.

He added that many Guatemalans who work for large landowners in the area earn very little money and they are threatened with "being thrown over to the other side" if they do not accept the money paid to them."

Mocoron

According to the West Germans, the situation is different in Mocoron because there are few military and the refugees may freely move about.

"A census taken by the French Organization Refugee Children of the World showed that 500 men between the ages of 15 and 35 are missing," Zergber said. He stressed that most of the Nicaraguan Miskitos left their country because of rumors.

According to the Germans, the Miskitos told them that "we are a physically dead people here."

The missionaries told EL HERALDO that once their superiors get the report, they will send volunteer teams of doctors, agronomists, engineers and other personnel to help the refugees.

CSO: 3010/1622

ECONOMIC ADJUSTMENT PACKAGE ANNOUNCED BY SILVA HERZOG

Mexico City EXCELSIOR in Spanish 21 Apr 82 pp 1-A, 22-A

[Article by Luis de Cervantes: "Rigid Public and Private Finance Adjustment Program"]

[Text] Objective: rapid recovery. "We seek to reduce inflationary pressures," says Jesus Silva Herzog. Government deficit will go down 3 percent due to budget control. New investments will be postponed, no unproductive projects to be launched; \$11 billion, strict limit on foreign government debt; no bills [promissory notes] to be issued unless guaranteed by foreign exchange income; announcement: exchange restrictions lifted, less imports, preferential loans.

In a context of no exchange restrictions whatsoever and a system of floating which will prevent an excessive increase in the value of the peso as well as speculative transactions in foreign exchange, Finance Secretary Jesus Silva Herzog last night disclosed a rigid program for the adjustment of public sector financing--to be expanded to the private sector--with a view to achieving rapid economic recovery and a reduction in inflationary pressures, comprising the following:

- I. The total financial deficit of the public sector will be reduced 3 percent for which purpose a new adjustment will be made in the budget of the federal government and the Department of the Federal District, totaling 8 percent;
- II. Public spending schedules will be drawn up, there will be no advance payments, and semigovernment programs will be handled in accordance with revenues, expenditures, and the deficit;
- III. All undertakings not directly related to the production process will be set aside and the start of new investments will be postponed;
- IV. An attempt will be made to get \$150 billion pesos through prices and rates on goods and services supplied by the public sector;
- V. The public sector's net borrowing abroad will be strictly limited to a maximum amount of \$11 billion;

VI. No bills [promissory notes] will be issued unless they are guaranteed by an equivalent income in foreign exchange and unless they are backed by money reserves;

VII. The deficit in the current account of the country's balance of payments will be reduced this year between \$3 and \$4 billion;

VIII. Public sector imports will be reduced by \$3 billion and private sector purchases abroad will be limited to \$3 billion;

IX. The Bank of Mexico will avoid excess liquidity in the financial system and any surplus funds collected will be deposited under the control of that institution;

X. We will adopt a policy of passive interest rates in keeping with the development of foreign rates and changes in the rate of exchange, establishing a bonus in favor of investments in pesos;

XI. In the matter of credit, we will strengthen the policy of giving preferential treatment to the social-economic sectors;

XII. To private enterprises requiring dollar financing, the Bank of Mexico will grant better terms for contract negotiations, exemptions, and reduced costs;

XIII. There will be no restrictions on foreign exchange transactions, there will be intervention on the exchange market if necessary, and exchange policy will be aimed at maintaining the Mexican economy's competitiveness, preventing the excessive valuation of the Mexican peso at all times.

No Foreign Exchange Control

During the same event last night in the Pan American Room of the Finance Secretariat, Miguel Mancera Aguayo, general manager of the Bank of Mexico, explained the pros and cons of foreign exchange control in connection with rumors which have been circulating in recent days. He said:

"It is under no circumstances advisable to have foreign exchange control in Mexico because that would not be the way to prevent the flight of foreign exchange; it would promote corruption and foreign currency smuggling; it would increase the cost of living, it would create massive unemployment, it would slow down imports, and it would paralyze broad sectors of the economy."

The Central Bank's general manager summarized a study prepared on foreign exchange control which for many countries is an economic policy instrument but which has had serious consequences for all of them. Looking at the situation from the pragmatic viewpoint rather than the dogmatic viewpoint, he analyzed the advantages and disadvantages in presenting a broad overall view of the single or double system which would be totally unacceptable in Mexico. "That system would fail in Mexico," he said.

Overall Economic Adjustment Program

Jesus Silva Herzog, accompanied by Ramon Aguirre Velazquez, secretary of planning and budget, and Miguel Mancera Aguayo, general manager of the Bank of Mexico, announced the overall adjustment program, expressed in a decree issued by President Lopez Portillo, also signed by the secretaries of commerce, labor, and patrimony, and industrial development.

The whereases state that the foreign sector of the country's economy has been seriously harmed by the adverse development of the international economy in recent years, a situation which was reflected in a noticeable drop in the worldwide demand and price for Mexican export products, especially petroleum, as well as an extraordinary rise in payments made for interest on the public sector's foreign debt due to the devaluation of the currency. Mention was made of the problems of the deficit in the balance of payments, the withdrawal of the Bank of Mexico from the exchange market, and the measures adopted to guarantee the continuity of the development process in the context of a more favorable performance by the country's foreign sector and a reduction in domestic inflationary pressures.

The document admits that the prospects are still unfavorable which is why the measures already announced will be stepped up, including the achievement of a better balance in public finance, appointment of officials responsible for the execution of policies, and making sure that the goals are properly attained.

Major Budget Adjustment

The decree issued by President Lopez Portillo states that the public sector's total financial deficit will have to be reduced by 3 percentage points in proportion to the gross domestic product as compared to the level reached in 1981. In this way, the financial imbalance will cease to be an obstacle to Mexico's achieving the kind of stability it needs.

To attain this goal, an additional adjustment will be made in the expenditure budget of the federal government and the Department of the Federal District, both of which have been updated; this, added on top of the 3 percent ordered earlier, will give us a figure of 8 percent. This adjustment is applicable also to the other government agencies to be designated by the Secretariat of Planning and Budget.

The Secretariat of Finance and the Secretariat of Programming and Budget will set up a mechanism dealing with the cash handling schedules for each branch of the administration so that they may be processed in accordance with the income and expenditure estimates and the semigovernment programs. We will not go beyond the ceilings that have been established and if we spend less, we will return the papers. Nor will there be any budget advances and Finance, Programming and Budget as well as the Bank of Mexico will each month prepare expenditure, income, and deficit projections.

Increase in Federal Revenues

The decree establishes that all federal government agencies immediately assume the responsibility to prevent the implementation of all projects not directly related to the production process; they must also postpone the start of any new investments and they must reduce the rate at which funds are drawn where this is possible.

Expenditure limits will also be established for all government agencies to achieve a reduction in the budget deficit.

More Revenues, Less Purchases

Article 7 of the presidential decree, announced last night by the finance secretary, spells out this new government action.

As a supplement to the reduction in expenditures, the secretariat of finance and of planning and budget will be instructed, through competent authority, to take the measures necessary to increase public revenues by 150 billion pesos through prices and rates.

In a series of steps designed to improve the foreign sector's position, the overall economic adjustment program is committed to contracting foreign debts in a maximum amount of \$11 billion as for domestic credit, to be supplied to the federal government by the Bank of Mexico, that bank will not reduce the collection of domestic resources.

No less important in this presentation is the fact that the Bank of Mexico will make sure that the total amount of bills in circulation will increase only along with the increase in net international reserves, above the level as of 20 April.

It is also said that the deficit in the current account of the balance of payments will be cut \$3 billion compared to 1981, a step which, it is hoped, will result in a reduction of \$3 billion in imports.

This action includes the private sector since limits will be placed on imports of private individuals amounting to \$3 billion less than in 1981.

Parallel to that, it will be necessary to prevent enterprises, agencies, and organizations in the public sector from accepting non-budget obligations and control will be exercised over their foreign exchange flow and exchange transactions programs.

Bonus for Those Who Save Pesos

Silva Herzog called upon the following as witnesses: Enrique Creel de la Barra, chairman, National Banking Commission; Gustavo Petricioli, chairman, National Securities Commission; Jorge Espinosa de los Reyes, general manager,

National Finance Company; and Ignacio L. Madrazo, senior Finance Secretariat official; Silva Herzog presented the program on savings, interest rates, and control over the monetary stocks.

He pointed out that the decree indicates that an attempt will be made to increase the ratio between financial savings and the gross domestic product; this is why a policy of passive interest rates will be implemented; it will have to keep up with the development of foreign rates and the movement in the rate of exchange; a bonus will be provided for investments in pesos. The purpose is to offer attractive interest rates to the saver and above all to promote long-term savings.

As for active interest rates, the policy of giving preferential treatment to the most vulnerable social-economic sectors will be strengthened on the basis of the continuation of the top rates for certain loans "packages" which the banks must cover, and through rediscounting transactions handled by the economic development trusts.

The speaker assured his audience that the preferential interest rates would be kept in line with the average percentage cost, to the banking system, of term deposits in national currency to prevent disproportionate subsidies.

The Bank of Mexico will also step up the use of mechanisms to prevent the generation of excessive liquidity in the financial system and will retain the practice of establishing monetary regulation deposits for excess fund collection by private and mixed banks.

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CSO: 3010/1519

ARCHITECT DISCUSSES DEVELOPMENT OF CAPITAL CITY

Mexico City EL DIA in Spanish 24 Apr 82 "Metropoli" Supplement p 5

[Interview with Architect Enrique Cervantes Sanchez, head of the Urbanism Department, Division of Higher Studies, School of Architecture, by Jesus Brito, date and place not given]

[Text] The economic and social cost of a poorly planned city, such as the Federal District, will be increasingly greater for the rest of the country and for those living in the capital, according to city planner Enrique Cervantes Sanchez.

Interviewed shortly before distinguished city planners honored him as the founder and head of the Urbanism Department, Division of Higher Studies, School of Architecture, Architect Cervantes said that the Mexico City of today is the result of spontaneous and disorderly growth in a developing country with scanty resources.

He said, "The solution cannot come from an 'Aladdin's lamp.' What is needed is a great national effort in which--as has been said--we will create industrial, university, hospital and government offices focuses of development in other regions of our country.

"It is a solution that will take 20 years to bring about.

"In order to forecast the problems which the people of the capital will have to face in the year 2000, it will be necessary to move from the planning to the operational phase."

"The heart of this city's problem," he said, "is centralization which in demographic terms has not stopped and will not stop, causing a demand for great infrastructure works: water, food and housing. Therefore, the solution is to decentralize as quickly and expeditiously as possible."

First Steps Are Being Taken

"The first steps are being taken with the Comprehensive Development Plan, which requires long-term operational details; with the Urban Development Plan; with the partial plans; and with the Zoning Regulation. That is the only way to bring order to the territory."

After stressing that a national effort is involved, because what is done internally by the department head of the Federal District is not going to resolve the problem, he said that plans such as highway construction, the public surface and subway transportation system are bold and of enormous worth. The problems of the city are not the fault of those running it but rather are the result of economic and social development.

He also noted that the Master Plan for Mexico City is 25 years old, that is, there has been planning but it has been limited for lack of resources.

The city has grown in the midst of two separate but related systems: 30 percent growth regulated by the Federal District and 70 percent willy-nilly growth of the irregular populated areas, of people--70 percent of the population--who are unable to pay for a house because they are barely earning the minimum wage.

He said finally, "Our city is exhibiting the symptoms of the big cities of poor developing countries throughout Latin America, Africa and Asia.

"The results for their inhabitants are now being experienced: poisoning because of environmental pollution and lack of space but above all a pervasive feeling that there will be continuous growth until violence and direct confrontation make their appearance."

8143

CSO: 3010/1556

DEMOGRAPHIC STUDY OF MEXICO CITY

Mexico City EL DIA in Spanish 3 May 82 "Metropoli" Supplement p 3

[Text] The majority of the inhabitants of Mexico City are youths less than 19 years of age, while women comprise 52 percent of the capital's population.

As is well known, in the past few years the Federal District has been characterized by its dynamic demographic growth--higher than the national trend--what is more the great concentration of economic, political, cultural and financial activities has encouraged population concentration through rural emigration.

Within this context, according to a monographic study prepared by the Office for the General Coordination of Documentation and Analysis of the Institutional Revolutionary Party, the population during the period 1970-1980 experienced an annual average growth rate of 3.1 percent.

This study reports that 48.5 percent of the inhabitants of the Federal District are under 19 years of age and that on the basis of age classification the next highest percentage is inhabitants 20-39 years of age, who represent 31.8 percent; from 40 to 49 years the percentage is 7.9; and inhabitants older than 50 years make up 11.8 percent of the capital's inhabitants.

Cuauhtemoc: The Most Densely Populated

The population of this city is concentrated most densely in the following districts: first in Gustavo A. Madero, where 1.8 million people live in a 90-kilometer area; Iztapalapa, where about 1,130,000 inhabitants live in a 124-kilometer area; and in Cuauhtemoc where 859,000 inhabitants live in a mere 33-kilometer area.

Among the districts with the greatest area and the fewest inhabitants, Milpa Alta is first with about 55,000 inhabitants in a little over 268 square kilometers; about 159,000 inhabitants live in the district of Tlahuac in about 338,000 kilometers; and 338,000 inhabitants live in a 310,000-kilometer area in Tlapan.

According to the same study, the death rate has dropped appreciably in the last few years and has been less than the average death rate in the country beginning in 1978.

8143

CSO: 3010/1556

NEW SYSTEM PROVIDES MORE DRINKING WATER FOR CAPITAL

Mexico City EXCELSIOR in Spanish 4 May 82 pp 1-A, 11-A, 27-A

[Article by Alejandro Ortiz Reza: "Water Supplies Reaching 98 Percent of Population"]

[Text] In operating the new Cutzamala system, drinking water service has been offered since yesterday to 98 percent of the population of Mexico City which numbers 10 million inhabitants. The DDF [Federal District Department] announced yesterday that 419 developments with 821 finished projects benefited during this administration. The new flow of water will benefit hundreds of developments located primarily in the delegations of Alvaro Obregon, Azcapotzalco, Cuauhtemoc, Benito Juarez, Coyoacan, and Tlalpan.

During a ceremony in whose course President Lopez Portillo opened the valves of the Cutzamala system, the monumental source built by the capital's government was placed in service in the public square on Paseo de la Reforma, located at the intersection of Rio Mississippi and Sevilla.

This new source clearly expresses the tremendous engineering job done by the system to bring water from the Cutzamala River. The spring cost 26 million pesos, obtained from the Spring and Autumn Festival Organizing Committee of the Federal District.

"The new flow of water, added on top of the one which the Federal District already has, comes to something more than 40 cubic meters per second. On the average, each inhabitant of the city gets 344 liters per day," according to the DDF.

This, the DDF added, justifies the annoyance which the citizens of the capital have to put up with as a result of the digging of 3,000 kilometers of ditches.

Statistics

At the start of the current administration, there were 282 kilometers of water pipelines; there were 350 kilometers in the primary distribution network; the secondary network consisted of 9,000 kilometers, the storage capacity of the water flow control tank was more than 1 million cubic meters.

The water supply program, to be carried out by the end of this administration, includes the construction of 3,000 kilometers mentioned previously, in addition to the secondary network, and 190 kilometers in the primary network, equivalent to 33 and 54 percent of the network installed until 1976, respectively. The capacity of the storage tanks will be increased to 400,000 cubic meters.

The following among these undertakings stand out by virtue of their size: two storage tanks in Chalmita, delegation of Gustavo A. Madero, with a capacity of 100,000 cubic meters; the La Caldera tank, in the delegation of Iztapalapa, with a capacity of 50,000 cubic meters; and one tank in Santa Isabel Tola, Gustavo A. Madero, with a capacity of 50,000 cubic meters.

In the city's eastern part, primary-network lines were built in La Cuchilla del Tesoro, with a length of 11.9 kilometers; Rojo Gomez, with 5.2 kilometers; and Ermita Iztapalapa, with 16.9 kilometers. In addition to the 7-kilometer feeder line, which starts at the Chalmita tanks and goes all the way to las Torres Avenue, there is another primary-network line to supply the southern part of Iztapalapa with a length of 22 kilometers, among others.

To bring water to the homes of the capital's citizens, 270,000 household taps were installed between 1971 and 1981, a process which was stepped up until it was being carried out at a rate of 1,500 taps per month in 1981, when 105,000 taps were installed.

Besides, almost all of the wells were restored.

As part of the general project, the delegations benefited from secondary networks for 41 developments in Alvaro Obregon, 31 in Azcapotzalco, one in Benito Juarez, 20 in Coyoacan, 13 in Cuajimalpa, one in Cuauhtemoc, 48 in Gustavo A. Madero, 6 in Iztacalco, 93 in Iztapalapa, 9 in Magdalena Contreras, 21 in Milpa Alta, 13 in Tiahuac, 43 in Tlalpan, and 79 in Xochimilco, and some parts of Venustiano Carranza and Miguel Hidalgo.

Areas which do not yet have water and which constitute 2 percent, are located above the permissible elevations and are in the process of relocation. They are served by tank trucks. These places are located primarily in Gustavo A. Madero, in a part of Cuauhtemoc; in Iztapalapa, in the Santa Catarina Mountain Range, and in the high portions of Santiago Acahualtepec; in Tlalpan, we have the development of Plan de Ayala, Lopez Portillo, and Bosques del Pedregal.

Deficiencies Still Exist According to DDF

The DDF admitted that there are still shortcomings in some areas of the rocky sections of Tlalpan and Coyoacan and a part of Iztapalapa which will be corrected immediately through new flow rates in wells now being built.

The department noted that it is necessary that the effort made so far--in which many population settlements participated with the authorities in digging ditches, along with the effort made by the Secretariat of Agriculture and Water

Resources in Cutzamala--be supplemented by more responsible action on the part of the users who must use water efficiently.

On the other hand, the spring on Paseo de la Reforma consists of two concentric basins, made of cement with a height of 1 meter so that the stakes will stick out to a height of 12 meters. The system was designed by the architect Sergio Zaldivar.

Equipped with five sets of three pumps, of 75 horsepower, each, the system is capable of recirculating a water volume of approximately 1,720 liters per second, a little more than 103 cubic meters per minute. Each of its outlets is equipped with 541 spigots which on the average have a flow rate of 40 liters per minute, each.

The water is raised to the outlet under pressure and is piped down to maintain a spray in spite of the wind and the elevation which will cause turbulence in the tank so that it can leave the latter in sheets toward the lower level.

In the ring formed by the former, another 20 outlets form a water cone circle which completes the entire system.

Zaldivar emphasized that the water from the spring is not wasted and does not constitute an expenditure of this liquid since it is constantly recirculated through the electrical system described.

5058

CSO: 3010/1519

ANIMALS, NOT HUMANS SAID TO BENEFIT FROM GRAIN PRODUCTION

Mexico City EXCELSIOR in Spanish 19, 20 Apr 82

[Part I: 19 Apr 82 pp 1-A, 18-A, 19-A]

[Article by Carlos Canton Zetina]

[Text] Man is slowly losing the food battle to animals: an increasing and alarming percentage of corn, wheat, sorghum, oats and barley production is being earmarked for the feeding of cattle, in spite of the fact that in Mexico there is reduced consumption of animal products; and millions of peasants are suffering from hunger.

Staple crops in vast areas of the country have been replaced by forage crops while on the other hand, the state is importing considerable amounts of grain which is subsequently purchased by transnational food-processing companies and used principally for the fattening of choice poultry for consumption by small segments of the population.

This picture, which portrays an anarchic food distribution system in the country, was reported by a group of researchers: David Barkin and Blanca Suarez, from the Economic Development Center and the Autonomous Metropolitan University; Dr Adolfo Chavez, head of the nutrition division of the National Institute of Nutrition; Raul Olmedo, from the UNAM [National Autonomous University of Mexico]; and Jose de Jesus Brambila Paz and Luis E. Chalita, from the Agricultural Economy Center of the Post-graduate College of Chapingo.

Barkin and Suarez said that at present it is calculated that one-fifth of Mexican agricultural land produces grain, forage and oil-yielding plants which are used directly in food-processing activities. "That change in the use of land," they added, "is particularly significant."

The result, they conclude, has been the loss of national self-sufficiency in staple foods. They explain:

"Since the beginning of the 1970's, a shortfall has been observed mainly in supplies of corn and wheat, making it necessary to import massive amounts of agricultural products for human consumption. As a result, in 1980 there was a negative balance of trade in the agricultural-livestock sector of over \$1 billion to meet about half the human requirements for staple foods."

Citing only one of the staple foods whose production is being shifted to animal consumption, Barkin and Suarez said that sorghum now is preferred among the fodder crops. The increase in its production and in that of other crops (such as barley and oats) is stimulated by industrial requirements. It is part of the process which culminates in an increasing proportion of the country's farmlands being oriented toward the production of crops for the feeding of animals: sorghum, barley, oats.

In their recent book entitled "The End of Food Self-sufficiency," Barkin and Suarez discuss this subject at length. They say, for example, that the increasing importance of the livestock sector as a profitable activity resulted in the expansion of sorghum production. "The fundamental changes introduced into livestock practices," they add, "were made possible by new processed food techniques for the fattening of animals and their production. The result was an intensification of agricultural production and at the same time a profound alteration in the work systems; and the production of poultry became an assembly line activity. These changes and the replacement of crops in the most prosperous regions of the country are an integral part of the increasing opening of the Mexican economy to foreign countries."

The researchers also said that in 1960 staple crops represented an important percentage (48 percent) of total production from the country's irrigated districts. However, in the following years, the structure of agricultural production began to diversify and crops with greater profitability were introduced, such as sorghum, garbanzos, fruits and green vegetables. In a few years, there was marked specialization and the development of commercial agroexportation production.

Less Land Planted with Basic Grains

In fact, they added, by 1980 the irrigated area in Mexico had been reduced 39 percent.

David Barkin and Blanca Suarez said that almost all the wheat and sorghum produced in the country is subjected to industrial processing before being incorporated into the production of human or animal food.

In the case of barley and oats, most of the grain is set aside for animal consumption, with a small percentage taken out for the preparation of cereals and other human-consumption products, such as malt for the beer industry.

Jose de Jesus Brambila Paz and Luis E. Chalita said that in the 1970's sorghum, safflower and soybeans covered land areas formerly planted with corn, beans and rice, specifically in the Bajio and the states of Tamaulipas, Sonora and Sinaloa.

They said that according to the 1960 and 1970 censuses, 1 million hectares of farmland were lost; and the Directorate of Agricultural Economy of the SARH [Secretariat of Agriculture and Water Resources] reports that there is an annual loss of about 800,000 hectares of farmland.

Thus the annual average of land area planted with corn decreased 4.2 percent in the 1970-1974 5-year period and 5.3 percent between 1975 and 1977. Corn yield has also decreased significantly.

In summary, they said that total farmland is being reduced because portions of it are being converted to forage crops--alfalfa, oats, barley sorghum and soybeans--or simply because farming is being stopped.

Dr Adolfo Chavez felt that a very high percentage of the basic grains produced in the country is being used as forage, while half the rural population is suffering from hunger and is dying of malnutrition because of the chaotic situation in the country's food distribution system.

He said that much of the grain being imported is sold to transnational companies which use it for animal feed. "That is, the Mexican state is indirectly converting the corn of the poor into the milk and eggs of the rich."

He warned that Mexico is close to the point of nutritional imbalance in which half of the deaths of poor children are linked to the lack of food because of the interaction of malnutrition and infection, while the other half of the deaths, among adults in the urban sector, are attributable to arteriosclerotic, diabetic and hepatic diseases linked to dietary imbalances, including high consumption of alcohol.

"Victory of the Animals"

In the opinion of Raul Olmedo, the competition between man and animals for grain, including corn, is now taking on a dramatic character.

This battle between man and animals "is basically a commercial battle, a battle for the distribution of products."

"The increasing malnutrition among the majority of the population," he said, "reflects the decrease in income of the people who are forced to cut back their food consumption. At the other extreme, a reduced number of persons who receive most of the national and world income are spending increasing amounts on fine foods: they are eating less grain directly and more grain indirectly in the form of meat. Thus, grain is being earmarked for the feeding of animals rather than for human beings. Proteins are being stripped of their simple vegetable coverings and are being covered with the fine furs of animals. That is a distinctive sign of a change in social status and also of the unequal distribution of wealth."

He said that the victory of animals over man is an international phenomenon, that it is also taking place in Mexico and that it is part of the agrarian crisis being experienced by the underdeveloped countries. Corn, the basic food of many Latin American countries, is being snatched up at present by companies which produce animal feed. Worse yet, corn production has become stagnant while the population continues to increase.

He said, "It is a paradox of history that the developed countries, whose inhabitants do not eat corn, are the ones which have increased their production in spite of the fact that their populations are decreasing."

He recalled that the FAO had reported that the combined developed countries which in 1971 produced 180 million tons of corn had an output of 242 million tons in 1979, an increase of 34 percent. On the other hand, the combined Latin American countries increased their production only 2 percent, from 39 million tons in 1971 to 40 million tons in 1979.

"That is to say," Olmedo added, "the developed countries now have more corn per capita, while the Latin American countries have less. It is even more painful to think that in the developed countries this increase in corn is for animals, while in the Latin American countries the decrease is to the detriment of man."

Olmedo felt that the problem is not so much economic as it is political. It is a problem of the state. He said that the most effective solution is rooted in a redistribution of wealth which will increase the income of the poor people so that they will be able to buy more food and nourish themselves better. It is also important to organize the poor farmers with a view to their retaining a greater part of their income that otherwise tends to go into the hands of the companies which, with an eye on profits, buy farm products to be processed or commercialized.

[Part II: 20 Apr 82 pp 1-A, 23-A, 28-A]

[Article by Carlos Canton Zetina]

[Text] Yesterday the Secretariat of Agriculture and Water Resources called upon forage processors to refrain from using the basic grains because "operations of this kind which are prejudicial to the feeding of people should not be permitted." However, in the meantime new data clearly reveal that preference is being given to the feeding of animals to the detriment of food for human beings:

1. Stables and ranches in Hidalgo, Tlaxcala, Mexico, Sonora, Sinaloa and in other states with impunity are using large amounts of corn and wheat to raise and fatten cattle.
2. National and foreign companies are "razing" vast cornfields, for example, to feed animals.
3. Transnational and intermediary companies have formed monopolies and have installed warehousing centers in the agricultural regions to "win out over" the CONASUPO [Government Basic Commodities Company] in the purchasing of harvests of corn, sorghum, wheat, oats, barley and other crops which are used for purposes other than the feeding of the people.

In an effort to prevent the diverting of basic grains into the feeding of animals, the Federal Government will encourage the growing of forage crops

this year--alfalfa, oats, corn, barley, garbanzos, clover, beets and others--according to an announcement made by the SARH. The secretariat is predicting production of about 40 million tons. This means 10 million tons more than is expected to be produced by the basic crops for human consumption in 1982, according to figures of that office.

While production of forage crops is being encouraged by official means and basic grains are being diverted to fatten animals, the increase in meat and milk this year will be minimal; and egg production will be reduced. In fact, the SARH reported that production of 661,000 tons in 1982 is expected, "slightly under last year's production."

The production of poultry and red meats will total 3,170,000 tons, barely 6 percent greater than 1981. (Beef will represent 1,234,000 tons of this combined figure; pork: 1,358,000 tons; poultry: 489,000 tons; and other lesser species: 62,000 tons, according to SARH predictions.)

The production of cow's and goat's milk this year is estimated at 7.367 billion liters, barely 3 percent greater than in 1981, in spite of the accelerated growth of the population.

These official figures show that human consumption of meats and milk this year will be equal or less than last year, in light of the country's population explosion.

Corn Converted into Animal Feed

What is happening in the southern part of Hidalgo is also to be seen in other states.

In the Hidalgo municipalities of Tizayuca, Pachuca, Actopan and Mixquiahuala, a dozen stables are buying entire corn harvests for the feeding of milk cows. The peasants are paid 600 or 700 pesos more per ton than the official price set by CONASUPO. Quick sales are to the liking of the farmers who in this way avoid the delays which on occasion characterize CONASUPO operations.

The entire cornstalk is cut right down to the roots, benefiting the stableman, who in this way doubles or triples the product, which later is converted totally into animal feed and which, of course, is richer in proteins and other elements than alfalfa.

In the process, the stablemen obtain cheaper feed than alfalfa and other natural fodder crops.

In a vast area of Hidalgo, which has been set aside for the production of corn as part of the arrangements relating to the SAM [Mexican Food Supply System], over 1,000 hectares of cornfields are "razed" by "combines" which pull the cornstalks out by their roots--ears of corn and all--and chops them into pieces that are transported in vehicles to the silos of the dairy companies.

In a related connection, we have crop changes in the agricultural sector, or the replacement of basic crops to increase the production of animal feed crops.

David Barkin and Blanca Suarez, researchers of the Economic Development Center and the Autonomous Metropolitan University, have stated that since 1949 changes in grain production in Mexico have been evident. Up to 1960, they added, crops of oats, barley, sorghum and wheat represented a relatively constant percentage of the crop lands: 11.2 percent.

However, they said that in the following years there were substantial changes. Grain for human consumption experienced a constant decrease until its share of production was reduced to 60 percent in 1980. The same thing happened to corn which also experienced losses in crop lands beginning in 1967. On the other hand, there was a rapid increase in fodder grain farmlands which have been expanding at an accelerated pace. This phenomenon is directly related to the expansion and modernization of the livestock-raising sector in Mexico.

More Feed for Animals

They said that the worth of the production of those four crops--oats, barley, sorghum and wheat--has increased in relative terms since 1940. The systematic rise in physical yields, resulting from efforts to transfer the discoveries of the Green Revolution to the countryside, explains the dynamism of their worth which doubled since the 1958 expansion in the production of grain for animal consumption.

They also said, "In the same period, the increase in other commercial crop lands is noteworthy. There is great dynamism in the growing of fruits and vegetables which is stimulated by the opening of the U.S. market, new agro-industrial investments and the expansion of demand by the well-to-do classes of Mexico. The production of oil-yielding plants is on the upswing. This is of particular interest because it is earmarked for human and animal consumption: after extracting the edible oils for human and industrial use, residual pulps remain which are mixed with sorghum and other products to prepare balanced feed for the livestock sector. It seems clear that the economic justification for the expansion of those crops is the enormous demand--still not satisfied--of cattlegrowers for those byproducts."

In their book, "The End of Food Self-sufficiency," Barkin and Suarez say that wheat is basic to several industries and that with the "modernization" of Mexican society this grain has replaced corn in part of the national diet, while some byproducts are used in the production of balanced feed for animals. Frequently, they add, wheat grain is fed to cattle and swine.

As regards sorghum, they said, significant changes in the livestock industry have made it of increasing importance. Almost unknown before 1958, the demand for sorghum as animal feed increased in the mid-1960's with the expansion of commercial poultry production. Later, its use was extended to pigs and more recently to the intensive raising of cattle.

"The production of sorghum," they go on to say, "dramatically reflects the dilemma of Mexican agriculture: there is a shortfall in its production; however, if it is encouraged there is a likelihood that it will take away even more farmland from corn whose consumption is eminently popular. If the growth rate of sorghum is slowed, greater imports would be required to maintain the new industrialized livestock-growing sector and probably would not resolve the problem of corn, as many farmers would seek other more profitable crops to replace the basic grain in the national diet. Unless there is a substantial increase in the relative price of corn vis-a-vis sorghum--which involves an increase in the people's cost of living--its cultivation in the commercial agriculture regions appears doomed to disappear.

8143

CSO: 3010/1556

BRIEFS

BORDER AREA AQUIFERS TO BE EXPLOITED--Well-drilling started; huge water deposits discovered within international boundaries; project to include 3,500 hectares in cultivation in Chihuahua; investment of 163 million pesos announced by S. Gaxiola. Chihuahua, Chih., 20 April--Mexico will begin to make use also of the water-containing strata existing along the boundary with the United States to irrigate crops covering 3,500 hectares. So far, only the harvesting farmers in New Mexico have been using those resources with excellent results. Saul Gaxiola, manager of the Chihuahua Rural Credit Bank, said that a project has already been launched, opening 3,500 hectares of the region to cultivation, including the Palomas ranch and the public lands of Josefa Ortiz de Dominguez and Emiliano Zapata. He explained that 163 million pesos would be invested in the undertaking to get water out of the underground deposits which until now have been supplying only American farmers. Drilling work has begun on 24 wells, just a few yards from the international boundary. In this way, Mexico will get water out of the subsoil which has helped the inhabitants of New Mexico create an agricultural showpiece. According to studies by engineer Heinz Lesser Jonnes, of the United States, there is a huge underground water-containing stratum in this zone whose center is located on Mexican territory and extends toward the neighboring country. Saul Garcia finally said that the district which will benefit from these activities has magnificent land for cultivation and it is hoped that the harvest results will be excellent. [Text] [Mexico City EXCELSIOR in Spanish 21 Apr 82 p 7-D] 5058

USSR ENVOY WARNS ON FALKLANDS--Mexico City, 23 May (AFP)--Rostislav Sergeyev, the Soviet ambassador to Mexico, pointed out here today the danger that "the Malvinas conflict may become international." The diplomat warned that the United States must refrain from interfering in the conflict between the United Kingdom and Argentina and "must not supply weapons to the United Kingdom, because that would only make the situation worse." "No one, including the United States and the Soviet Union, should interfere in this struggle between the Argentines and the Britons," Sergeyev noted. He added that if Ronald Reagan's government should participate in this confrontation in some way, it would contribute to rendering this situation in the South Atlantic more difficult. Sergeyev accused the UN member countries of failing to provide sufficient aid in solving the Malvinas crisis. [Text] [PA231736 Paris AFP in Spanish 1544 GMT 23 May 82]

IN-BOND INDUSTRIES' GROWTH--Mexico City, 26 May (NOTIMEX)--The Secretariat of Patrimony and Industrial Development reported today that in the past 5 years the in-bond industries tripled their production and that exports grew from 25 to 70 billion pesos. The number of firms grew from 440 to 640, employing 130,000 people. The in-bond industries earned 22.5 billion pesos in foreign exchange from 1977 to 1981. [FL280107 Mexico City NOTIMEX in Spanish 0205 GMT 27 May 82]

CSO: 3010/1615

GOVERNMENT DECREES DISASTER ZONES DUE TO FLOODING

PA260219 Managua Domestic Service in Spanish 0136 GMT 26 May 82

[Communique issued by the Junta of the Government of National Reconstruction on 25 May in Managua]

[Text] The Junta of the Government of National Reconstruction of Nicaragua states whereas:

1. The current rainfall in the past few days have caused a very serious situation in various sectors of the nation, such as the destruction of roads, bridges and sewers; and damaged farms, hospitals, health centers, factories and other places;
2. The rainfall has destroyed houses in various sectors of Managua and in other towns and has isolated communities leaving thousands of Nicaraguans homeless and an undetermined number of dead and injured;
3. The material damage and loss of lives still have not been fully accounted for, but if the rains continue the damage and loss of lives will be much higher;

Therefore, it decrees:

Article 1: All those regions of the departments affected by the rains are declared disaster zones.

Article 2: A national committee has been appointed to work with the Junta of the Government of National Reconstruction to face the current disaster situation. The Junta of the Government of National Reconstruction will preside over the committee which will be formed by the National Red Cross, the Labor Coordination Organization, the Evangelical Committee for Development, the Nicaraguan Episcopal Conference, the Union of Journalists of Nicaragua and other civic and aid organizations which the Junta of the Government of National Reconstruction considers should be part of the committee.

Article 3: The Junta of the Government of National Reconstruction will immediately mobilize all its human and material resources to face the disaster situation and aid the population. It will immediately request international aid organizations and friendly governments the necessary support.

Article 4: The present decree will go into effect at the moment of its publication in any of the news media spoken or written.

Managua, 25 May 1982,
Year of unity against aggression,
Junta of the Government of National Reconstruction,

[Signed] Sergio Ramirez Mercado, Rafael Cordova Rivas, Daniel Ortega Saavedra

CSO: 3010/1624

FLETES SAYS POTENTIAL FOR DEMOCRACY

PA232147 Managua LA PRENSA in Spanish 15 May 82 pp 1, 10

[Text] The president of the Nicaraguan Social Christian Party (PSCN) met at 1100 today with Commander Bayardo Arce Castano, coordinator of the FSLN Political Committee. The meeting took place in the office of the Political Secretariat of the National Directorate [of the PSCN] in Managua.

This is the first meeting between representatives of an independent political organization and the governing party since the state of emergency was established.

Adan Fletes was interviewed before the meeting. He said: "Obviously, we will discuss the country's present situation and each of us is expected to present the respective points of view."

"I believe," he said, "that there are similar views and common positions between us and them. I think that dialogues are beneficial."

Adan Fletes arrived in Managua yesterday at 1800 in a Copa flight from Costa Rica. He arrived in the company of PSCN Secretary General Agustin Jarquin Anaya. Both were greeted at Sandino Airport by PSCN leaders Eduardo Rivas Gasteazoro, Jose Davila Membreno, Julio Ramon Garcia, Adolfo Brenes and others.

On his arrival, Fletes immediately reported on his tour through Europe, the United States and South America.

The PSCN directors decided to remain in permanent session.

In Rome, Fletes participated in the 5th Congress of the Italian Democracy [as published] and met with political leaders from various parts of Europe.

He also visited Brussels, Belgium; the United States; and Caracas, Venezuela, where he met with Venezuelan President Luis Herrera Campins.

Fletes said that the association of his name with a government directorate in exile was the result of speculation. "I don't know anything about that," he stated. "I don't share the idea but I respect the opinion of other

organizations." He added: "If a political group makes a decision in that direction, that is its responsibility and risk."

He noted: "I am not a part of any directorate."

Fletes then added: "I think that even under the state of emergency, Nicaragua, if it makes use of the alternatives, can function democratically."

It has been reported that the National Directorate of the PSCN, the party's second most important ruling body, second only to the party congress, will begin a session this afternoon.

At that meeting, Fletes will present a formal report and then the party leadership, composed of approximately 70 delegates from the country's departments, will decide on the political line that will be followed in the present circumstances.

CSO: 3010/1624

FSLN SETTING UP MILITARY BASES ON ATLANTIC COAST

PA220342 (Clandestine) Radio 15 September in Spanish to Nicaragua 0230 GMT
20 May 82

[Text] Unable to stop the onslaught of our commandos of freedom, the FSLN genocidal dictatorship has decided to set up military bases in different sectors of the country. The dictatorship has put foreign mercenaries in charge of these new bases. One of these bases is in Boca de Bocay along the banks of the Rio Coco.

We also have been informed that some 300 Mexican mercenaries are stationed in this mangy dog's redoubt. The Marxist lackey (Gustavo Brown) is in command of this base.

This is one of the bands of the dictatorship which daily commits the most horrid crimes against the innocent civilian population.

We have also learned that the FSLN totalitarian regime is setting up another communist military base near the mouth of Rio Punta Gorda, in the southern part of Zelaya Department.

Our intelligence services have learned that this mangy dog military base has 300 Cuban mercenaries and 100 Angolan lackeys.

The FDN denounces to the world, the installation of these repressive genocidal bases from which the dictatorship will launch its criminal attacks against the Nicaraguan people.

We also wish to report to the free and democratic nations of the world, that internationalist mercenaries are joining the ranks of the murderous FSLN.

We wish to warn the foreign lackeys that we will fight them to death wherever they are and that their death will come in the same manner as the Cuban mercenaries who have fallen and will continue doing so under the bullets of the FDN and of our commandos of freedom.

The lackeys who did [not] pay any attention to our warnings because they thought we were joking are now suffering in their own flesh the power, courage and tenacity of our commandos of freedom.

CSO: 3010/1620

RAMIREZ REPORTS SUCCESS OF EUROPEAN TOUR

PA220334 Managua Domestic Service in Spanish 1800 GMT 20 May 82

[Text] We are a respected country; we are a respected revolution, Sergio Ramirez Mercado, member of the Government Junta of National Reconstruction, said this morning upon his arrival at Sandino Airport after a tour of several European countries at the head of a Nicaraguan Government delegation. Ramirez Mercado described as very positive the results of the trip, pointing out that Nicaragua had reaffirmed at the international level its financial, economic and political credibility by obtaining financing for \$150 million from the countries which he visited. We will now hear Sergio Ramirez Mercado's report on the results of the visit to several European countries.

[Begin recording] [Ramirez] I would say that the results of this visit, this tour, are highly positive. We had an opportunity to reaffirm a number of bonds and ties with the European countries, their governments and the different political forces, to thoroughly clear up a series of lies and slander which imperialist propaganda has been disseminating against our revolution at great expense in all these countries. Above all, we can say that our revolution has wide political recognition in all those countries which we visited and generally in all the European countries. The imperialist maneuvers to try to isolate our government from our process have categorically failed and we were able to reaffirm this during our visit.

This positive result which is priceless for our fatherland and for the development of our revolutionary process. Nevertheless, parallel to this successful political task we were also able to develop economic negotiations to obtain economic and financial cooperation for our country. We had the opportunity to negotiate new lines of credit for the purchase of machinery, spare parts, agricultural supplies and raw materials and to obtain new loans and concessions for our fatherland. We also obtained new donations of food, especially wheat, which remains critical due to the U.S. wheat embargo which is still being maintained against our country.

We can announce that as a result of this we obtained a line of credit in Spain for \$15 million to purchase a substantial portion of the machinery for the new Malacatoya sugar mill, and machinery for the northeastern forestry project. In Sweden we obtained a mixed credit, also for machinery

for the Malacatoya sugar mill of \$6 million [short break in transmission] capital goods and supplies. We must point out that this is an important step forward in the financial credibility for our country in Europe. Sweden is also extending the 1982-1983 aid program by \$10 million. The Swedish Government also donated 10,000 tons of wheat to help meet our requirements for this year.

In Holland, the Swedish [as heard] Government also gave us a donation of 5,000 tons of wheat and granted us a \$3 million loan to purchase one tugboat for the port of Corinto. At the OPEC headquarters in Austria, we obtained a balance of payments credit of \$10 million for this year. We will use the equivalent in cordobas to support the Mote Galan geothermal and the (Asturias) hydroelectric projects. We were also advised that if we submit specific development projects this year, we would obtain a similar amount, that is, another \$10 million for these projects.

In Austria, we signed a loan directly with Chancellor Bruno Kreisky for \$8.5 million and obtained a donation of 5,000 tons of wheat. This loan is for 40 years plus a 10-year grace period at an interest rate of 3/4 percent. [Not specified whether monthly or yearly.] From the terms you can see what the financial treatment is which our country receives from the countries which we visited.

Regarding the FRG, I wish to point out the importance of the negotiations carried out by Foreign Trade Minister Alejandro Martinez Cuenca, which disrupted one of the most aggressive policies which imperialism has been maintaining against our country, that is, preventing our access to the international market to finance our harvests, prior to export, what we call preexport credits. Well, now our fatherland has obtained from the Geramn South American Bank a preexport credit line of \$40 million. It is prepared to finance for us letters of guarantee for imports up to \$5 million. We also made an important coffee sale, which will be paid in advance, before the coffee is delivered, of \$13.5 million. This will help us in part to solve our balance of payments cash shortage this year.

In Brussels, the EEC advised us during several meetings with the EC president, the commissioner for economic development and the commissioner for foreign policy, that the EEC Council is considering the approval of a financial aid package for Central America, of which Nicaragua would receive \$10 million before the end of this year. This is one of the largest portions of that package for any country.

Finally, we must say that the Greek Government agreed to provide a bank guarantee for our country to purchase from Greece three freighters which we need so urgently for our merchant fleet.

We can say that all this aid and financial cooperation, including credits, credit lines, preexport credit advances, donations of wheat and other economic and financial lines total approximately \$150 million. This has great political clout, it has great importance, because, I repeat, our country has great financial, economic and political credibility abroad and any effort to isolate us, any attitude to try to weaken this credibility is dashed by the reality I just spoke of. [End recording]

OFFICIAL ON USSR AID FOR MINING

PA251929 Managua BARRICADA in Spanish 17 May 82 p 12

[Text] With financing from the Soviet Union, the revolutionary government will invest approximately \$30 million in the modernization of mining machinery and equipment and in the development of two important projects that will increase the country's gold production by 80 percent.

The Soviet aid for mining development comes under the financial and technical aid and cooperation agreements that Commander of the revolution Daniel Ortega, government junta coordinator, signed with the Soviet Government. Details of this aid were released by Companero Alvaro Guzman, minister-director of the Nicaraguan Mining Institute (INMINE).

In an interview, the official indicated that, according to plans, the mining machinery will be completely modernized by 1984. He also stressed that two important prospecting and geological studies, which will have great impact on mining activity, will be carried out.

Here is the interview with Guzman?

[Question] Companero Guzman, on his return from the USSR Commander Ortega announced a number of agreements on the development of our national mining. Can you give us more details?

[Answer] "Before doing so, we must consider the country's mining situation. With the nationalization of the mining sector on 2 November 1979, the revolutionary state found itself with a number of mining enterprises, most of which were not mining metals, although four were involved in gold and silver mining.

"Those enterprises lacked development programs and plans. The transnational companies exploited the Rosita, Bonanza, Siuna and El Limon (now known as Francisco Meza) enterprises, but didn't have an integral plan for resource exploitation.

"INMINE has directed most of its effort toward developing our potential. It has also paid attention to existing enterprises, with emphasis on a coherent and integrated mining development plan. The agreements with the Soviet Government recently signed by Commander Ortega must be considered within this framework."

The Potential Must Be Investigated

"For mining development, the resources must first be found through geological prospecting. Countries that have already developed their mining capability have detailed information about the resources in each area or region of their territory. The only knowledge here came from past exploitation. We know that there are gold reserves in other deposits; due to the lack of study, we don't know the potential.

"The most important project with the USSR involves prospecting in a 4,000-sq km region in the center of the country. This project will begin in the old La India mine near Santa Rosa Del Penon, an area in which the Francisco Meza mine is also located.

"This detailed exploration and prospecting, to be reproduced on 1:50,000-scale maps, will permit us to determine the potential exactly. The study, to last several years, will determine the organization of new mining enterprises in that region."

Reactivate La India

"Along with that project, but independent of it, a geological study will be conducted at the old La India mine. Our plans include reactivation of that old mine, which is one of the richest in the country, as it produced 3,500-4,000 ounces of gold a month. For this we need to know the precise amount of gold reserve, since the data we have from the time it closed are not reliable.

"The prospecting projects will also assess the potential of some rivers, where gold has traditionally been "panned." The object of this is to industrialize this activity, previously undertaken by small miners, as there are industrial techniques using dredges to collect the sand and an industrial processing procedure that increases production.

"Prospecting will be carried out in the Rio Grande of Matagalpa and its tributaries and it is possible that this will be extended to the Rio Coco, the San Juan and the Rio Sabalo, with their tributaries."

To Process Waste Products

"The fourth project in which the USSR will help us is related to production and is very important, because of the amount of foreign exchange that will immediately result. This involves processing the waste products of Siuna, which are deposited in places near the plant (lagoons) and which amount to several million tons. The amount in storage will permit a possible monthly production of more than 2,500 ounces of gold. This will have an important impact on the country, for it will give jobs to more than 300 workers as well as producing foreign exchange.

"For this project the USSR will provide technical and financial assistance in installing equipment and machinery.

"The USSR, perhaps the country with the greatest experience in this kind of work, will send a technical birgade for the feasibility study and the installation of the equipment, which might be operational within a year."

We Will Stop Working With Fingernails

"In the field of machinery and equipment, we have plans for projects that reflect our needs, which are quite large.

"We must bear in mind that when we took over the mines we received more than 60-year-old machinery, which is obsolete. We are practically working with our fingernails in the mines, so though it is costly, the investment is necessary.

"Machinery and equipment worth \$1.5 million will be arriving in 2 months. This will be a significant aid to the companeros who work in production.

"As for technical training, 12 Soviet specialists will come to the country for 2 years to cooperate in the programs. In coordination with the Education Ministry, we have decided to install a technical mining center for 200 students, which will solve the serious shortage of middle-level technicians in production and prospecting."

[Question] How much does the Soviet aid amount to?

[Answer] "Right now I cannot tell you the amount, because we are still working on the details. However, I can tell you that we estimate that, generally, without including machinery and equipment, it could amount to about \$10 million. However, we do not yet have the contracts or specific figures."

[Question] What is the importance of those mining projects?

[Answer] "With the waste products project and that of the La India mine, it is estimated that there will be an 80-percent increase in the nation's production, which amounted last year to 62,000 ounces in the national enterprises and to 4,000 ounces in panning.

In terms of prospecting and geological study, one cannot measure the aid. We know that there is potential, but we do not know specifically how much."

[Question] What percentage of the mining machinery will be modernized?

[Answer] "That is difficult to say. We are currently trying to modernize the essential equipment. However, we hope that by 1984 all of the equipment and machinery will be completely modern. This might cost approximately \$20 million. This was proposed to the USSR and is now under study. It will depend upon the results of the prospecting."

[Question] This entails a change in technology. What steps are being taken in this regard?

[Answer] "The technology that we are now using is North American and is 60-years-old. Its output is low and many hours are lost due to damage. The modernization of the technology involves time, to train our workers, and this cannot be done overnight. It must be based on the potential of the mining industry, in contrast to other industries."

CSO: 3010/1620

MPS MEETING IN MANAGUA TERMED OVERWHELMING SUCCESS

PA222247 Managua Domestic Service in Spanish 1200 GMT 22 May 82

[Text] The first large-scale meeting of heads of the Sandinist People's Militia [MPS] of the Managua region, which was held last night, was an overwhelming success. The meeting was dedicated to Commander German Pomares, [words indistinct] El Viejo Pancho [apparently Pomares' nickname], on the third anniversary of his death while fighting Somoza's genocidal guards and imperialism, to obtain the freedom of all Nicaraguans.

Brigade [as heard] Commander Hugo Torres, Companero Ivan Garcia, head of the MPS' National Office, and Lt (Oscar Cortez), chief of the 3d military region which is based in Managua, were present, as well as some 300 officials responsible for the MPS units in the capital, in adjacent municipalities such as El Crucero, San Francisco, San Francisco Libre and La Trinidad, and at the agricultural and livestock production units of the entire department.

Lt (Oscar Cortez), chief of the 3d military region, spoke at the meeting. He said that the MPS will propose to army headquarters the creation of three battalions of nonreservist militiamen who will be assigned a very specific combat mission if the request is approved. Cortez stressed that in the event of war these battalions will have the mission of defending the 3d military region. In times of peace, he said, they could be used for combat missions against the counterrevolutionary bands.

During the meeting (Elias Chevez), the secretary general of the Managua Sandinist Defense Committees, read a communique from all the mass organizations including the Sandinist Workers Federation, proposing among other things an expansion of the MPS and the forming of reserve battalions, offering support for the creation of new MPS units, and other objectives to strengthen the defense of the fatherland.

CSO: 3010/1620

BRIEFS

NEW QUARTERLY MAGAZINE ANNOUNCED--The Press and Information Office of the Ministry of Culture has announced that a new quarterly magazine, CHACHALACA [CHATTERBOX], will be first issued on Monday, 17 May. The source added that CHACHALACA will be edited by the Ministry of Culture and the color covers and illustrations will be by the School of Arts. He said that 2,000 copies of the first edition, which will have 48 pages, will be printed. The magazine is one of the efforts being made by the directors of the peoples' culture centers. [Text] [PA212221 Managua LA PRENSA in Spanish 12 May 82 p 6]

DELEGATE AT KOMSOMOL CONGRESS--Carlos Carrion Cruz, the coordinator general of the 19 July Sandinist Youth Movement [JS-19J], participated today in the 19th Congress of the All-Union Komsomol of the USSR, which is being held in Moscow. At the meeting Carlos Carrion Cruz termed as positive the proposal for controlling strategic weapons made yesterday by the top Soviet Leader Leonid Brezhnev. Carrion Cruz said that in Latin America all that is ever heard are aggressive and warmongering statements from Washington, while the Soviet Union makes only specific proposals to maintain and defend peace. Carrion Cruz also said that the Sandinist youths, along with the rest of the Nicaraguan people, are directing all of their efforts toward defending the country from a war of aggression. [Text] [PA230307 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 20 May 82]

FOREIGN MINISTRY APPOINTMENTS--The Nicaraguan Foreign Ministry has announced that Capt Augusto Montealegre Valle will replace Francisco Quinonez as ambassador to Panama, effective 7 June 1982. (Jorge Canda Morales), present director of foreign policy of the Foreign Ministry, will become alternate Nicaraguan delegate to the United Nations effective 1 June 1982. [PA271649 Managua Domestic Service in Spanish 0000 GMT 27 May 82]

AIR TRANSPORTATION AGREEMENT--According to an ANN report, Carlos Zarruck and Otto Arndt, Nicaraguan and East German transportation ministers, signed an air transportation agreement in Berlin today. [PA272033 Managua Domestic Service in Spanish 0000 GMT 27 May 82]

HIGHER EDUCATION DELEGATION--A delegation of the National Council for Higher Education [CENE] concluded a visit to Paris today. During its visit, the Nicaraguan delegation met with representatives of the Directorate of

International Relations of the French Communications Ministry and authorities of the [name indistinct] university. UNESCO officials and directors of several French higher education centers and universities also met with the CENE delegation. The two nations' representatives exchanged views on scientific, technical and educational cooperation to see how French education centers can help Nicaragua. [PA272033 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 21 May 82]

CUBANS AT TASBA PRI--Working at an incredible speed, the (Alvaro Barba Machado) brigade of Cuban internationalists did a great job of cutting down the trees for building the homes of Miskitos now living at the Tasba Pri settlement in Zelaya Norte. They also prepared the land for cultivation. The brigade is headed by Companero (Crescencio Moreira), who together with his Cuban companeros and nine Miskitos, were able to get everything ready for building the homes in 30 days, before the rainy season begins. [PA271440 Managua Domestic Service in Spanish 1200 GMT 17 May 82]

AGRICULTURE ACCORD WITH MOZAMBIQUE--President Machel has arrived in Grenada on an official visit at the invitation of Prime Minister Maurice Bishop. "Following President Samora Machel's visit to Nicaragua an agricultural cooperation agreement between the two countries was signed. The agreement provides for consultations and exchange of technical and scientific information on cultivation of cotton, sisal, sorghum, beans, coffee, cocoa and citrus fruits. The documents were signed by Mozambique Agriculture Minister Sergio Vieira and Nicaraguan Minister of Agricultural Development Jaime Wheelock." [Summary] [EA221546 Maputo Domestic Service in Portuguese 1030 GMT 22 May 82]

CSO: 3001/149

FOREIGN MINISTER'S REMARK LABELED 'DISASTROUS'

PA252030 Panama City MATUTINO in Spanish 25 May 82 p 4A

["Moyolandia" column: "Unforgivable Language"]

[Text] I was surprised, and I don't doubt that the president of the republic was too, on learning from international news dispatches of the remark Panamanian Foreign Minister Jorge Illueca made at the UN Security Council about British Prime Minister Margaret Thatcher.

According to the dispatches, the remark was as follows: "However, I respect women's glandular systems...one must always be very respectful of women."

I feel that the reference was unfortunate, to say the least, and that it constitutes the biggest blunder ever made in the history of our international relations. Men like Galileo Solis and Octavio Fabrega [former Panamanian foreign ministers] would never have taken the liberty of using such language, which are made even more notorious by the circumstances in which our foreign minister uttered it.

The world is currently facing a great threat to peace, because of the Malvinas Islands. Even if peace were agreed upon today, the conflict will leave many traces and scars that will be hard to erase and that will not do our continent any good. The situation is such that extreme care must be exercised in expressing ideas and even greater care must be used in choosing the language with which to express them.

Fate decreed that Panama be a part at this moment in the UN Security Council and that it become the spokesman for Latin America, giving it the opportunity to play an important role in arriving at a just and honorable settlement of a conflict in which, whether we like it or not, all of us are involved.

Panama is not involved in the conflict as an affected party, but as a member of the Latin American region. This gives it the opportunity to develop a clear and equitable view of its position, which can be expressed as unqualified support for Argentina, but with calmness and sobriety.

The chief objective should be to avert further and senseless bloodshed at any cost. To do so, it is indispensable that the required conditions for

a calm and responsible dialogue be established, to allow the parties to find the disposition and good faith to negotiate. Insults, offenses and euphoria have no place in a situation like this.

Events over the weekend have placed Argentina in a disadvantageous position. It failed to take advantage of the mediation efforts of UN Secretary General Perez de Cuellar and now, with a dishonorable defeat in sight, it may find itself forced to yield on some points on which it earlier had the upper hand.

Given this sad situation faced by an ally whom we want to help, coarse language can do nothing but make things worse and drive a greater wedge between the parties. Verbal aggression leads nowhere and has never been a means of achieving negotiated settlements.

Further, anyone who resorts to personal insults does so because he is wrong or has no valid arguments by which to defend his cause, and this is not true of Argentina. Foreign Minister Illueca is doing a disservice to the rights of the Argentine nation and people by leading the debate into a personal vein.

This has been a disastrous blunder. Any other country would have named a replacement within 24 hours for less than that. It is a pity that this happened to a Panamanian diplomat, who has considerable experience at international forums and who is our top jurist in matters of this kind. However, this very fact makes the error unforgivable.

CSO: 3010/1614

BRIEFS

U.S. ALLEGEDLY OWES \$7 MILLION--According to information given to this paper by Tomas Paredes, the executive director of treaty affairs, the United States owes the Republic of Panama the amount of 7 million balboas for educational insurance premiums owed by the former Panama Canal Company, now the Panama Canal Commission. Paredes added that this sum corresponds to the unpaid educational insurance that has been owed to the Panamanian Government by the Panama Canal Company, the Panama Canal Commission, and the U.S. Government since 1972. He noted that this amount does not include the unpaid educational insurance premiums which are owed by the U.S. Armed Forces. "This debt directly affects the unions, the workers and the national government," he said. In conclusion, Paredes emphasized that the Executive Directorate will file a legal claim within the next few days to collect this amount from the U.S. Government. [Text] [PA232249 Panama City LA REPUBLICA in Spanish 18 May 82 p 1]

GENERAL PAREDES ON COMMUNISM--David--Brig Gen Ruben Dario Paredes has said that "communism will not enter Panama" in response to concerns voiced by members of the Blanca Flor Cooperative in Renacimiento, Chiriqui Province. The commander-in-chief of the National Guard said that "as long as the people of this country can talk face to face with government leaders at moments like this, no doctrine or idea foreign to our national character will find a place here." Paredes added that "the government offices will continue to resolutely support the production sectors which are promoting the country's development and any public servant who is opposed to this or tries to block it will have to leave his post immediately." [Excerpt] [PA272007 Panama City MATUTINO in Spanish 27 May 82 p 1-A]

CLOSER WATCH ON BORDER ANNOUNCED--Brig Gen Ruben Dario Paredes, commander-in-chief of the Panamanian National Guard, has announced that reinforcements, both military and of the National Immigration Office of the government and Justice Ministry, will soon be dispatched to the border along the San Blas territory to exert greater control over the Colombians who illegally enter our country to engage in various activities. This consequently opens the possibility of contraband of drugs and merchandise. The statements by General Paredes were made at the General KUNA Congress held in Tigre Island, which ended yesterday. The event was attended by Jorge Eduardo Ritter, minister of government, and Edith J. De Bethancourt, minister of justice and health; Adsinar Cajar, deputy minister of public works; Jose Fierro, director general of the National Institute of Sewers and Aqueducts, and other government authorities. [Excerpt] [PA232217 Panama City LA REPUBLICA in Spanish 23 May 82 pp 2-A, 8-A]